SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 26, 1997

COMMISSION FILE NUMBER 1-7182

MERRILL LYNCH & CO., INC.

(Exact name of registrant as specified in its charter)

DELAWARE	13-2740599
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
WORLD FINANCIAL CENTER, NORTH TOWER, NEW YORK, NEW YORK	10281-1332
(Address of principal executive offices)	(Zip Code)

(212) 449-1000

Registrant's telephone number, including area code

Former name, former address and former fiscal year, if changed since last report.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES |X| NO |_|

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

333,155,321 shares of Common Stock
(as of the close of business on October 31, 1997)

Part I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

MERRILL LYNCH & CO., INC. AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED EARNINGS (UNAUDITED)

	FOR THE THREE MONTHS ENDED		
(Dollars in Millions, Except Per Share Amounts)	SEPT. 26, 1997	SEPT. 27, 1996	PERCENT(1) INCREASE
REVENUES			
Commissions	$1,244	$ 860	44.7%
Interest and dividends	4,397	3,357	31.0
Principal transactions	951	818	16.2
Investment banking	691	471	46.7
Asset management and portfolio service fees	722	570	26.6
Other	141	125	13.0
Total Revenues	8,146	6,201	31.4
Interest Expense	4,153	3,108	33.6
Net Revenues	3,993	3,093	29.1

NON-INTEREST EXPENSES

Compensation and benefits	2,008	1,612	24.6
Communications and equipment rental	175	141	24.1
Occupancy	124	116	6.6
Depreciation and amortization	115	104	10.9
Professional fees	211	152	39.2
Advertising and market development	145	125	15.9
Brokerage, clearing, and exchange fees	137	103	32.9
Other	307	218	40.5
Total Non-Interest Expenses	3,222	2,571	25.3
EARNINGS BEFORE INCOME TAXES AND DIVIDENDS ON PREFERRED SECURITIES ISSUED BY SUBSIDIARIES	771	522	47.7
Income Tax Expense	266	191	38.8
Dividends on Preferred Securities Issued by Subsidiaries	12	--	N/M
NET EARNINGS	$ 493	$ 331	49.0%
NET EARNINGS APPLICABLE TO COMMON STOCKHOLDERS	$ 484	$ 319	51.4%
EARNINGS PER COMMON SHARE (2):			
Primary	$ 1.25	$ 0.84	
Fully diluted	$ 1.24	$ 0.84	
DIVIDEND PAID PER COMMON SHARE (2)	$ .20	$ .15	
AVERAGE SHARES USED IN COMPUTING EARNINGS PER COMMON SHARE (2):			
Primary	387.6	378.4	
Fully diluted	389.7	381.3	

(1) Percentages are based on actual numbers before rounding.
(2) Share and per share amounts have been restated for the two-for-one common stock split, effected in the form of a 100% stock dividend, paid on May 30, 1997.

See Notes to Financial Statements

MERRILL LYNCH & CO., INC. AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED EARNINGS (UNAUDITED)

	FOR THE NINE MONTHS ENDED		
(Dollars in Millions, Except Per Share Amounts)	SEPT. 26, 1997	SEPT. 27, 1996	PERCENT(1) INCREASE
REVENUES			
Commissions	$ 3,437	$ 2,819	21.9%
Interest and dividends	12,575	9,407	33.7
Principal transactions	3,166	2,709	16.8
Investment banking	1,924	1,428	34.7
Asset management and portfolio service fees	2,038	1,661	22.7
Other	468	386	21.4
Total Revenues	23,608	18,410	28.2
Interest Expense	11,807	8,675	36.1
Net Revenues	11,801	9,735	21.2
NON-INTEREST EXPENSES			
Compensation and benefits	6,000	5,044	19.0
Communications and equipment rental	503	409	23.1
Occupancy	368	345	6.7

Depreciation and amortization	328	300	9.3
Professional fees	606	422	43.5
Advertising and market development	445	364	22.3
Brokerage, clearing, and exchange fees	367	310	18.2
Other	862	650	32.7
Total Non-Interest Expenses	9,479	7,844	20.9
EARNINGS BEFORE INCOME TAXES AND DIVIDENDS ON PREFERRED SECURITIES ISSUED BY SUBSIDIARIES	2,322	1,891	22.8
Income Tax Expense	847	717	18.0
Dividends on Preferred Securities Issued by Subsidiaries	35	--	N/M
NET EARNINGS	$ 1,440	$ 1,174	22.7%
NET EARNINGS APPLICABLE TO COMMON STOCKHOLDERS	$ 1,410	$ 1,139	23.8%
EARNINGS PER COMMON SHARE (2):			
Primary	$ 3.66	$ 2.96	
Fully diluted	$ 3.62	$ 2.95	
Dividends Paid Per Common Share (2)	$ .55	$ .43	
AVERAGE SHARES USED IN COMPUTING EARNINGS PER COMMON SHARE (2):			
Primary	385.4	385.3	
Fully diluted	389.5	386.5	

(1) Percentages are based on actual numbers before rounding.
(2) Share and per share amounts have been restated for the two-for-one common stock split, effected in the form of a 100% stock dividend, paid on May 30, 1997.

See Notes to Consolidated Financial Statements

MERRILL LYNCH & CO., INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(Dollars in Millions, Except Per Share Amounts)

ASSETS	SEPT. 26, 1997	DEC. 27, 1996
CASH AND CASH EQUIVALENTS	$ 4,559	$ 3,375
CASH AND SECURITIES SEGREGATED FOR REGULATORY PURPOSES OR DEPOSITED WITH CLEARING ORGANIZATIONS	10,606	5,628
MARKETABLE INVESTMENT SECURITIES	2,342	2,180
TRADING ASSETS, AT FAIR VALUE		
Corporate debt and preferred stock	35,440	24,270
Contractual agreements	17,004	13,465
Equities and convertible debentures	24,974	13,153
U.S. Government and agencies	9,378	9,304
Non-U.S. governments and agencies	12,744	7,758
Mortgages, mortgage-backed, and asset-backed	8,038	5,189
Money markets	1,474	1,209
Municipals	1,451	1,176
Total	110,503	75,524
RESALE AGREEMENTS	68,559	58,402

SECURITIES BORROWED	36,252	24,692
RECEIVABLES		
Customers (net of allowance for doubtful accounts of $55 in 1997 and $39 in 1996)	25,263	18,309
Brokers and dealers	7,404	6,205
Interest and other	7,783	5,280
Total	40,450	29,794
INVESTMENTS OF INSURANCE SUBSIDIARIES	4,962	5,107
LOANS, NOTES, AND MORTGAGES (net of allowance for loan losses of $124 in 1997 and $117 in 1996)	4,454	3,334
OTHER INVESTMENTS	1,600	1,125
PROPERTY, LEASEHOLD IMPROVEMENTS, AND EQUIPMENT (net of accumulated depreciation and amortization of $2,805 in 1997 and $2,523 in 1996)	1,939	1,670
OTHER ASSETS	2,204	2,185
TOTAL ASSETS	$288,430	$213,016

See Notes to Consolidated Financial Statements

MERRILL LYNCH & CO., INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(Dollars in Millions, Except Per Share Amounts)

LIABILITIES, PREFERRED SECURITIES ISSUED BY SUBSIDIARIES, AND STOCKHOLDERS' EQUITY	SEPT. 26, 1997	DEC. 27, 1996
LIABILITIES		
REPURCHASE AGREEMENTS	$ 74,872	$ 62,669
COMMERCIAL PAPER AND OTHER SHORT-TERM BORROWINGS	58,240	39,333
TRADING LIABILITIES, AT FAIR VALUE		
U.S. Government and agencies	15,694	13,965
Contractual agreements	13,815	11,221
Equities and convertible debentures	17,724	8,332
Non-U.S. governments and agencies	9,362	7,135
Corporate debt and preferred stock	6,675	2,762
Municipals	129	130
Total	63,399	43,545
CUSTOMERS	14,818	11,758
INSURANCE	4,807	5,010
BROKERS AND DEALERS	6,375	3,407
OTHER LIABILITIES AND ACCRUED INTEREST	17,497	13,973
LONG-TERM BORROWINGS	39,998	26,102
TOTAL LIABILITIES	280,006	205,797
PREFERRED SECURITIES ISSUED BY SUBSIDIARIES	627	327
STOCKHOLDERS' EQUITY		
PREFERRED STOCKHOLDERS' EQUITY	425	619

COMMON STOCKHOLDERS' EQUITY (1)		
Common stock, par value $1.33 1/3 per share; authorized: 500,000,000 shares; issued: 1997 and 1996 - 472,660,324 shares	630	630
Paid-in capital	1,031	989
Foreign currency translation adjustment	(39)	10
Net unrealized gains on investment securities available-for-sale (net of applicable income tax expense of $19 in 1997 and $5 in 1996)	37	9
Retained earnings	9,095	7,868
Subtotal	10,754	9,506
Less:		
Treasury stock, at cost: 1997 - 140,308,114 shares; 1996 - 141,411,196 shares	2,932	2,895
Unallocated ESOP reversion shares, at cost: 1996 - 3,077,556 shares	--	24
Employee stock transactions	450	314
TOTAL COMMON STOCKHOLDERS' EQUITY	7,372	6,273
TOTAL STOCKHOLDERS' EQUITY	7,797	6,892
TOTAL LIABILITIES, PREFERRED SECURITIES ISSUED BY SUBSIDIARIES, AND STOCKHOLDERS' EQUITY	$ 288,430	$213,016
BOOK VALUE PER COMMON SHARE(1)	$ 22.24	$ 19.19

(1) Share and per share amounts have been restated for the two-for-one common stock split, effected in the form of a 100% stock dividend, paid on May 30, 1997.

See Notes to Consolidated Financial Statements

MERRILL LYNCH & CO., INC. AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED CASH FLOWS
(UNAUDITED)

<TABLE>
<CAPTION>

(Dollars in Millions)	FOR THE NINE MONTHS ENDED SEPT. 26, 1997	FOR THE NINE MONTHS ENDED SEPT. 27, 1996
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	$ 1,440	$ 1,174
Noncash items included in earnings:		
Depreciation and amortization	328	300
Policyholder reserves	180	204
Other	1,038	519
(Increase) decrease in operating assets:		
Trading assets	(34,824)	(13,460)
Cash and securities segregated for regulatory purposes or deposited with clearing organizations	(4,978)	173
Securities borrowed	(11,560)	(5,323)
Customers	(6,969)	(2,445)
Sales of trading investment securities	59	--
Purchases of trading investment securities	(22)	--
Other	(5,345)	917
Increase (decrease) in operating liabilities:		
Trading liabilities	19,854	7,984
Customers	3,060	(1,301)
Insurance	(372)	(463)
Other	6,110	1,911
CASH USED FOR OPERATING ACTIVITIES	(32,001)	(9,810)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from (payments for):		
Maturities of available-for-sale securities	2,330	2,205
Sales of available-for-sale securities	1,447	867
Purchases of available-for-sale securities	(4,623)	(2,973)

Maturities of held-to-maturity securities	868	638
Purchases of held-to-maturity securities	(569)	(353)
Other investments and other assets	(392)	(385)
Property, leasehold improvements, and equipment	(596)	(323)
CASH USED FOR INVESTING ACTIVITIES	(1,535)	(324)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from (payments for):		
Repurchase agreements, net of resale agreements	2,045	(3,310)
Commercial paper and other short-term borrowings	18,907	7,153
Issuance and resale of long-term borrowings	19,768	11,992
Settlement and repurchase of long-term borrowings	(5,516)	(5,046)
Issuance of subsidiaries' preferred securities	300	--
Redemption of remarketed preferred stock	(194)	--
Common stock transactions	(377)	(729)
Dividends	(213)	(182)
CASH PROVIDED BY FINANCING ACTIVITIES	34,720	9,878
INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	1,184	(256)
Cash and cash equivalents, beginning of year	3,375	3,091
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 4,559	$ 2,835

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:
Cash paid for:
Income taxes totaled $621 in 1997 and $867 in 1996.
Interest totaled $10,576 in 1997 and $8,387 in 1996.
</TABLE>

See Notes to Consolidated Financial Statements

MERRILL LYNCH & CO., INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

SEPTEMBER 26, 1997

(DOLLARS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

BASIS OF PRESENTATION

The consolidated financial statements include the accounts of Merrill Lynch & Co., Inc. (the "Parent Company") and subsidiaries (collectively, "Merrill Lynch"). All material intercompany balances have been eliminated. The December 27, 1996 consolidated balance sheet was derived from the audited financial statements. The interim consolidated financial statements for the three- and nine-month periods are unaudited; however, in the opinion of the management of Merrill Lynch, all adjustments, consisting only of normal recurring accruals, necessary for a fair statement of the results of operations have been included.

These unaudited financial statements should be read in conjunction with the audited financial statements included in Merrill Lynch's Annual Report on Form 10-K for the year ended December 27, 1996. The nature of Merrill Lynch's business is such that the results of any interim period are not necessarily indicative of results for a full year. Prior period financial statements have been reclassified, where appropriate, to conform to the 1997 presentation.

ACCOUNTING CHANGE

In June 1996, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities". SFAS No. 125 provides guidance for determining whether a transfer of financial assets is treated as a sale or a financing. Additionally, if a transfer qualifies as a financing transaction, the statement contains provisions that may require the recognition of collateral received or provided, in addition to the financing balance.

In December 1996, the FASB issued SFAS No. 127, "Deferral of the Effective Date of Certain Provisions of FASB Statement No. 125", which defers for one year the effective date of the collateral provisions for all transactions and the sale provisions for repurchase agreements, securities lending, and similar transactions. These provisions will be applied prospectively to transactions entered into after December 31, 1997; accordingly, the expected impact of adopting such provisions on Merrill Lynch's results of operations cannot be determined.

Merrill Lynch adopted the provisions of SFAS No. 125 not deferred by SFAS No. 127 for all transactions entered into subsequent to December 31, 1996. This resulted in a net increase in trading assets and repurchase agreements of approximately $4 billion at the end of the 1997 third quarter.

NEW ACCOUNTING PRONOUNCEMENT

In February 1997, the FASB issued SFAS No. 128, "Earnings Per Share", which is effective for fiscal years ending after December 15, 1997. SFAS No. 128 simplifies the guidance for computing earnings per share ("EPS") and replaces the presentation of primary and fully diluted EPS with basic and diluted EPS.

Basic EPS excludes dilution related to incremental shares (common share equivalents) and is computed by dividing net income available to common stockholders by the weighted-average number of common shares outstanding. Diluted EPS includes incremental shares.

Presented below is basic and diluted EPS under SFAS No. 128, compared with primary and fully diluted EPS:

	Three Months Ended		Nine Months Ended	
	Sept. 26, 1997	Sept. 27, 1996	Sept. 26, 1997	Sept. 27, 1996
Pro Forma SFAS No. 128:				
Basic	$1.46	$0.95	$4.26	$3.34
Diluted	1.25	0.84	3.66	2.97
As Currently Reported:				
Primary	1.25	0.84	3.66	2.96
Fully diluted	1.24	0.84	3.62	2.95

COMMERCIAL PAPER AND OTHER SHORT-TERM BORROWINGS

Commercial paper and other short-term borrowings at September 26, 1997 and December 27, 1996 are presented below:

	Sept. 26, 1997	Dec. 27, 1996
Commercial paper	$34,777	$23,558
Demand and time deposits	9,340	9,311
Securities loaned	7,905	2,751
Bank loans and other	6,218	3,713
Total	$58,240	$39,333

PREFERRED SECURITIES ISSUED BY SUBSIDIARIES

On February 6, 1997, Merrill Lynch Preferred Capital Trust II (the "Trust"), a subsidiary of the Parent Company, issued $300 of 8% Trust Originated Preferred Securities(Service Mark). The Trust holds preferred securities of a partnership, which is also a subsidiary of the Parent Company. The assets of the partnership consist primarily of debt securities of the Parent Company and one of its subsidiaries. The Parent Company has guaranteed, on a subordinated basis, certain payments by the Trust and the partnership.

REMARKETED PREFERRED(SERVICE MARK) STOCK, SERIES C ("RP STOCK")

The Parent Company redeemed all outstanding shares of RP Stock in the first quarter of 1997.

COMMON EQUITY

On April 15, 1997, Merrill Lynch's Board of Directors declared a two-for-one common stock split, effected in the form of a 100% stock dividend. The new shares were distributed on May 30, 1997 to stockholders of record on May 2, 1997. The par value of these shares remained at $1.33 1/3 per share. Accordingly, an adjustment totaling $315 from paid-in capital to common stock was required to preserve the par value of the post-split shares. Share and per share data presented in these financial statements have been restated for the effect of the split.

FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK

Merrill Lynch enters into various derivative contracts to meet clients' needs and to manage its own market risks. Derivative contracts often involve future commitments to exchange interest payment streams or currencies (such as interest rate and currency swaps or foreign exchange forwards) or to purchase or sell other financial instruments at specified terms on a specified date. Options, for example, can be purchased or written on a wide range of financial instruments such as securities, currencies, futures, and various market indices.

The notional or contractual amounts of derivatives provide only a measure of involvement in these types of transactions and represent neither the amounts subject to the various types of market risk nor the future cash requirements under these instruments. The notional or contractual amounts of derivatives used for trading purposes by type of risk follow:

(in billions)	Interest Rate Risk (1)(2)	Currency Risk (3)	Equity Price Risk	Commodity Price Risk
September 26, 1997				
Swap agreements	$1,296	$147	$12	$ 2
Forward contracts	40	197	1	16
Futures contracts	197	2	16	3
Options purchased	96	72	32	3
Options written	117	67	38	3
December 27, 1996				
Swap agreements	$1,212	$140	$13	$ 3
Forward contracts	24	147	1	17
Futures contracts	126	2	7	5
Options purchased	85	76	21	3
Options written	118	72	31	3

(1) Certain derivatives subject to interest rate risk are also exposed to the credit spread risk of the underlying financial instrument, such as total return swaps and similar instruments.
(2) Forward contracts subject to interest rate risk principally represent "To Be Announced" mortgage pools that bear interest rate as well as principal prepayment risk.
(3) Included in the currency risk category are certain contracts that are also subject to interest rate risk.

The notional or contractual amounts of derivatives used to hedge exposure related to borrowings or other non-trading activities follow:

(in billions)	Sept. 26, 1997	Dec. 27, 1996
Interest rate derivatives(1)	$49	$36
Currency derivatives(1)	7	7
Equity derivatives	2	2

(1) Includes swap contracts totaling $1 billion notional that contain embedded options hedging callable debt at both dates.

Most of these derivatives are entered into with Merrill Lynch's derivative dealer subsidiaries, which intermediate interest rate, currency, and equity risks with third parties in the normal course of their trading activities.

In the normal course of business, Merrill Lynch enters into underwriting commitments, when-issued transactions, and commitments to extend credit. Settlement of these commitments as of September 26, 1997 would not have a material effect on the consolidated financial condition of Merrill Lynch.

REGULATORY REQUIREMENTS

Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"), a registered broker-dealer and a subsidiary of the Parent Company, is subject to the net capital requirements of Rule 15c3-1 of the Securities Exchange Act of 1934. Under the alternative method permitted by this rule, the minimum required net capital, as defined, shall not be less than 2% of aggregate debit items arising from customer transactions. At September 26, 1997, MLPF&S's

regulatory net capital of $1,529 was 8% of aggregate debit items, and its regulatory net capital in excess of the minimum required was $1,149.

Merrill Lynch Government Securities Inc. ("MLGSI"), a primary dealer in U.S. Government securities and a subsidiary of the Parent Company, is subject to the capital adequacy requirements of the Government Securities Act of 1986. This rule requires dealers to maintain liquid capital in excess of market and credit risk, as defined, by 20% (a 1.2-to-1 capital-to-risk standard). At September 26, 1997, MLGSI's liquid capital of $1,308 was 233% of its total market and credit risk, and liquid capital in excess of the minimum required was $633.

Merrill Lynch International ("MLI"), a registered U.K. broker-dealer and a subsidiary of Merrill Lynch, is subject to capital requirements of the Securities and Futures Authority ("SFA"). Financial resources, as defined, must exceed the total financial resources requirement of the SFA. During 1997, MLI became Merrill Lynch's primary dealer for global equity derivatives business. As a result, at September 26, 1997, MLI's financial resources were $5,201, an increase of $3,827 since year end, and exceeded the minimum requirement by $1,195.

Merrill Lynch Capital Markets PLC ("MLCM"), a U.K. subsidiary of Merrill Lynch and a dealer in over-the-counter equity derivatives, became subject to the capital requirements of the SFA on January 1, 1997. At September 26, 1997, MLCM's financial resources were $1,599, and exceeded the minimum requirement by $1,363. Subsequent to quarter-end, MLI completed the purchase of the equity derivatives business of MLCM.

INTEREST EXPENSE

Interest expense includes payments in lieu of dividends of $5.2 and $3.0 for the third quarters of 1997 and 1996, respectively. For the nine-month periods ended September 26, 1997 and September 27, 1996, payments in lieu of dividends were $13.4 and $6.1, respectively.

LITIGATION MATTER

An action is pending in the United States District Court for the Central District of California by Orange County, California (the "County") which filed a bankruptcy petition in the United States Bankruptcy Court for the Central District of California on December 6, 1994, against the Parent Company and certain of its subsidiaries in connection with Merrill Lynch's business activities with the Orange County Treasurer-Tax Collector. In addition, other actions are pending against the Parent Company and/or certain of its officers, directors, and employees and certain of its subsidiaries in federal and state courts in California and New York. These include class actions and stockholder derivative actions brought by persons alleging harm to themselves or to Merrill Lynch arising out of Merrill Lynch's dealings with the Orange County Treasurer-Tax Collector, or from the purchase of debt instruments issued by the County that were underwritten by the Parent Company's subsidiary, MLPF&S. See "Commitments and Contingencies" in the notes to Merrill Lynch's audited consolidated financial statements contained in the 1996 10-K as well as "Legal Proceedings" in the 1996 10-K and this Quarterly Report on Form 10-Q.

INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors and Stockholders of
Merrill Lynch & Co., Inc.:

We have reviewed the accompanying condensed consolidated balance sheet of Merrill Lynch & Co., Inc. and subsidiaries ("Merrill Lynch") as of September 26, 1997, and the related condensed statements of consolidated earnings for the three- and nine-month periods ended September 26, 1997 and September 27, 1996 and consolidated cash flows for the nine-month periods ended September 26, 1997 and September 27, 1996. These financial statements are the responsibility of the management of Merrill Lynch & Co., Inc.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and of making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to such condensed consolidated financial statements for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet of Merrill Lynch as of December 27, 1996, and the related statements of consolidated earnings, changes in consolidated stockholders' equity and consolidated cash flows for the year then ended (not presented herein); and in our report dated February 24, 1997, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 27, 1996 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ Deloitte & Touche LLP
New York, New York

November 7, 1997

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Merrill Lynch & Co., Inc. (the "Parent Company" and, together with its subsidiaries and affiliates, "Merrill Lynch") is a holding company that, through its subsidiaries and affiliates, provides investment, financing, insurance, and related services worldwide. Merrill Lynch conducts its businesses in global financial markets that are influenced by numerous unpredictable factors. These factors include economic conditions and monetary policy, the liquidity of global markets, international and regional political events, regulatory developments, the competitive environment, and investor sentiment. These conditions or events can significantly impact the volatility of financial markets. While greater volatility increases risk, it may also increase order flow in businesses such as trading and brokerage. Revenues and net earnings may vary significantly from period to period due to these unpredictable factors and the resulting market volatility.

Global financial markets, generally strong during 1996, continued to perform well throughout the first nine months of 1997. Increased industrywide revenues from underwriting, trading, asset management, and merger and acquisition services resulted from heightened issuer and investor demand and relatively low interest rates. In late October, global equity markets, triggered by the decline in the Hong Kong market and devaluations of certain Asian currencies, experienced overall decreases and significant volatility. These events resulted in the widening of credit spreads, particularly in emerging market and investment grade debt instruments.

U.S. equity markets rose to record price levels in the 1997 third quarter. Although the rate of advance for the Dow Jones Industrial Average ("DJIA") slowed in the third quarter, the increase in price levels for small and mid-capitalization issues was strong. The DJIA rose just 3.6% in the third quarter, its third-worst quarterly performance since 1994 and well below the 10-year best of 16.5% recorded in the 1997 second quarter. In contrast, the Nasdaq Composite Index was up 16.9% during the quarter and 37.4% from a year ago.

U.S. bond prices increased during the third quarter of 1997 as long-term interest rates were generally lower relative to both the 1997 second quarter and the year-ago period. The decrease in interest rates was attributable to minimal inflation despite strong economic growth and low unemployment.

Global equity markets rose on average approximately 17% during the first nine months of 1997, as measured by the Dow Jones World Index. Most European markets advanced during the 1997 third quarter due in part to low interest rates, while the Japanese market and most of Asia's smaller markets decreased due to prospects of slower growth and significant currency fluctuations. For the nine months of 1997, equity prices in many countries, when measured in local currency terms, were up more than U.S. equity prices; however, in U.S. dollar terms, only a few of these increases exceeded the U.S. advance due to the overall strengthening of the U.S. dollar versus many local currencies.

Global underwriting volume in the 1997 third quarter was up compared to a year ago, resulting in a record number of stock and bond issuances and record proceeds from those offerings. The third quarter increase was fueled by declining interest rates and a steady flow of cash into mutual funds.

Strategic services activities remained strong during the 1997 third quarter, reflecting a continuation of the high level of merger and acquisition activity experienced throughout the first half of the year. Driven by globalization and consolidation within various industries, as well as other competitive and economic factors, companies continued to seek strategic alliances to increase earnings growth and expand into new markets and businesses.

Due to the volatility of the financial services industry, Merrill Lynch continually evaluates its businesses across varying market conditions for profitability and alignment with long-term strategic objectives. Merrill Lynch seeks to mitigate the effect of market downturns by expanding its global presence, developing and maintaining long-term client relationships, closely monitoring costs and risks, and continuing to diversify revenue sources.

RESULTS OF OPERATIONS

<TABLE>
<CAPTION>

(in millions, except per share amounts)	For the Three Months Ended Sept. 26, 1997	June 27, 1997	Sept. 27, 1996	Increase/(Decrease) 3Q97 Versus 2Q97	3Q96
<S>	<C>	<C>	<C>	<C>	<C>
Total revenues	$8,146	$8,011	$6,201	1.7%	31.4%
Net revenues	3,993	3,967	3,093	0.7	29.1
Pretax earnings	771	784	522	(1.7)	47.7
Net earnings	493	481	331	2.4	49.0
Net earnings applicable to common stockholders	484	472	319	2.5	51.4
Earnings per common share (1):					
Primary	1.25	1.24	0.84	0.8	48.8
Fully diluted	1.24	1.23	0.84	0.8	47.6
Return on average common stockholders' equity	27.3%	28.5%	21.5%		
Effective tax rate	34.4%	37.0%	36.6%		

</TABLE>

"(1) Per share amounts have been restated for the two-for-one common stock split, effected in the form of a 100% stock dividend, paid on May 30, 1997."

The discussion that follows emphasizes the comparison between the third quarters of 1997 and 1996 and presents additional information on the comparison between the respective nine-month periods, where appropriate.

Merrill Lynch's net earnings were a record $493 million in third quarter 1997, up 49% from $331 million in third quarter 1996. Record revenues were achieved in commissions, investment banking, and asset management and portfolio service fees. Increases in revenues were partially offset by higher costs, particularly variable compensation associated with increased production and profitability, technology-related expenses, and provisions for various business activities and legal matters.

Despite significant revenue growth in the U.S., non-U.S. net revenues continued to increase to approximately 25% of Merrill Lynch's total net revenues in the 1997 third quarter, compared with approximately 22% in the 1996 third quarter. This advance is driven by Merrill Lynch's continued global growth initiatives.

For the 1997 nine months, net earnings were a record $1.4 billion, up 23% from the previous record of $1.2 billion in the corresponding 1996 period. Year-to-date earnings per common share were $3.66 primary and $3.62 fully diluted, compared with $2.96 primary and $2.95 fully diluted for the 1996 period, as restated for the common stock split in 1997. Annualized return on average common equity was 28.0% for the 1997 nine months versus 26.3% in the prior year period.

Commissions revenues are summarized as follows:

(in millions)	Three Months Ended Sept. 26, 1997	Sept. 27, 1996	% Inc.	Nine Months Ended Sept. 26, 1997	Sept. 27, 1996	% Inc.
Listed and over-the-counter	$ 690	$444	56%	$1,920	$1,508	27%
Mutual funds	392	285	37	1,057	894	18
Other	162	131	24	460	417	10
Total	$1,244	$860	45	$3,437	$2,819	22

Commissions revenues from listed and over-the-counter securities increased as a result of higher trading volume on many global exchanges. Mutual fund commissions revenues rose due to higher distribution fees, primarily related to prior period sales, and strong quarterly sales of U.S. funds.

Significant components of interest and dividend revenues and interest expense follow:

(in millions)	Three Months Ended Sept. 26, 1997	Sept. 27, 1996	Nine Months Ended Sept. 26, 1997	Sept. 27, 1996
Interest and dividend revenues:				
Trading assets	$1,344	$1,096	$ 3,900	$3,040
Resale agreements	1,191	756	3,276	2,160
Securities borrowed	820	778	2,583	2,098
Margin lending	596	379	1,554	1,120
Other	446	348	1,262	989
Total	4,397	3,357	12,575	9,407
Interest expense:				
Borrowings	1,640	1,312	4,854	3,559
Repurchase agreements	1,409	915	3,774	2,617
Trading liabilities	753	656	2,243	1,788
Other	351	225	936	711
Total	4,153	3,108	11,807	8,675
Net interest and dividend profit	$ 244	$ 249	$ 768	$ 732

Net interest and dividend profit decreased 2% from the 1996 third quarter. Interest and dividend revenues and expenses are a function of the level and mix of interest-earning assets and interest-bearing liabilities and the prevailing level, term structure, and volatility of interest rates.

Merrill Lynch hedges certain of its long- and short-term payment obligations with interest rate and currency swaps. The effect of these hedges, which is included in "Borrowings" above, increased (decreased) interest expense by approximately $14 million and $15 million for the 1997 three- and nine-month

periods, respectively, and approximately $(17) million and $(62) million for the 1996 three- and nine-month periods, respectively.

Principal transactions revenues were up 16% from the 1996 third quarter to $951 million due to higher trading revenues from interest rate and currency swaps, equities and equity derivatives, high yield debt and corporate bonds, and foreign exchange instruments, partially offset by lower revenues from many fixed income products and municipal securities and a modest loss in mortgage-backed products.

The table that follows provides information on aggregate trading revenues, including related net interest. Interest revenue and expense amounts are based on financial reporting categories and management's assessment of the cost to finance trading positions, after consideration of the underlying liquidity of these positions.

(in millions)	Principal Transactions Revenues 1997	1996	Net Interest Revenue (Expense) 1997	1996	Net Trading Revenue 1997	1996
Three Months						
Equities and equity derivatives	$ 303	$ 236	$ (16)	$ (1)	$ 287	$ 235
Taxable fixed-income	216	262	43	68	259	330
Interest rate and currency swaps	296	193	(53)	(21)	243	172
Municipals	73	89	4	5	77	94
Foreign exchange and commodities	63	38	--	(3)	63	35
Total	$ 951	$ 818	$ (22)	$ 48	$ 929	$ 866
Nine Months						
Equities and equity derivatives	$1,010	$ 874	$ (55)	$ (55)	$ 955	$ 819
Taxable fixed-income	883	771	196	194	1,079	965
Interest rate and currency swaps	894	698	(125)	(57)	769	641
Municipals	239	257	11	8	250	265

Foreign exchange and commodities	140	109	2	(12)	142	97
Total	$3,166	$2,709	$ 29	$ 78	$3,195	$2,787

Trading and related hedging and financing activities affect the recognition of both principal transactions revenues and net interest and dividend profit. In assessing the profitability of its trading activities, Merrill Lynch aggregates net interest and principal transactions revenues. For financial reporting purposes, however, realized and unrealized gains and losses on trading positions, including hedges, are recorded in principal transactions revenues. The net interest carry (i.e., the spread representing interest earned less financing costs) for trading positions, including hedges, is recorded either as principal transactions revenues or net interest profit, depending on the nature of the specific instruments. Changes in the composition of trading inventories and hedge positions can cause the recognition of revenues within these categories to fluctuate.

Equities and equity derivatives trading revenues were $303 million, up 28% from the 1996 third quarter due to higher revenues from U.S. equities and convertible securities, partially offset by a decline in non-U.S. equities trading revenues. The increase in U.S. equities revenues was attributable to higher volume from market-making activity.

Taxable fixed-income trading revenues were $216 million, down 18% from the 1996 third quarter. Lower trading revenues from non-U.S. governments and agencies securities and the loss in mortgage-backed products were partially offset by increased revenues from high yield debt and corporate bonds. Trading revenues from non-U.S. governments and agencies securities were lower primarily due to weak economic conditions resulting from volatility in many emerging markets. The loss in trading revenues from mortgage-backed products resulted from a less favorable market environment compared to the year-ago period. Nevertheless, net trading results from mortgage-backed products, which include net interest revenues, were positive. The increase in trading revenues from high yield debt and corporate bonds was attributable to investors seeking higher yielding instruments as government and sovereign interest rates generally remained low.

Interest rate and currency swap trading revenues rose 53% to $296 million, primarily due to higher revenues from emerging market-related derivatives, improved customer demand from market volatility, and increased activity in credit derivatives. Municipal securities trading revenues were down 18% to $73 million due to lower margins on sales of shorter term instruments. Foreign exchange and commodities trading revenues were up 69% to $63 million, attributable mainly to fluctuations in the U.S. dollar versus the German mark and the Japanese yen.

A summary of Merrill Lynch's investment banking revenues follows:

	Three Months Ended			Nine Months Ended		
(in millions)	Sept. 26, 1997	Sept. 27, 1996	% Inc.	Sept. 26, 1997	Sept. 27, 1996	% Inc.
Underwriting	$442	$346	28%	$1,345	$1,108	21%
Strategic services	249	125	100	579	320	81
Total	$691	$471	47	$1,924	$1,428	35

Underwriting revenues were up from 1996 third quarter levels due to increased issuances in most security categories, particularly high-yield debt. Merrill Lynch's underwriting market share information follows:

	Three Months Ended			
	September 26, 1997		September 27, 1996	
	Market Share	Rank	Market Share	Rank
U.S. PROCEEDS				
Debt	16.1%	1	14.6%	1
Equity	14.3	2	23.0	1
Debt and Equity	15.9	1	16.2	1
GLOBAL PROCEEDS				
Debt	13.4	1	12.3	1
Equity	13.3	2	19.9	1
Debt and Equity	13.4	1	13.5	1

"Source: Securities Data Co. ("SDC") statistics based on full credit to book manager."

Strategic services revenues advanced to a record $249 million, benefiting from strong merger and acquisition activity industrywide and significant gains in market share of completed transactions from a year ago. Merrill Lynch's merger and acquisition market share information based on transaction value follows:

	Three Months Ended			
	September 26, 1997		September 27, 1996	
	Market Share	Rank	Market Share	Rank
COMPLETED TRANSACTIONS				
U.S.	40.2%	1	26.7%	2
Global	26.9	1	16.8	3
ANNOUNCED TRANSACTIONS				
U.S.	24.0	1	20.3	3
Global	15.1	4	14.9	3

"Source: SDC statistics based on full credit to both target and acquiring companies' advisors."

Merrill Lynch's asset management and portfolio service fees are summarized below:

	Three Months Ended			Nine Months Ended		
(in millions)	Sept. 26, 1997	Sept. 27, 1996	% Inc.	Sept. 26, 1997	Sept. 27, 1996	% Inc.
Asset management fees	$312	$247	26%	$ 887	$ 731	21%
Portfolio service fees	219	157	40	586	445	32
Account fees	102	90	13	313	286	9
Other fees	89	76	18	252	199	27
Total	$722	$570	27	$2,038	$1,661	23

Total assets in worldwide client accounts reached an industry record $1.018 trillion at quarter end. Major components of the change in client assets and assets under management follow:

		Net Changes due to		
(in billions)	Sept. 27, 1996	New Money(1)	Asset Appreciation	Sept. 26, 1997
Assets in client accounts	$779	$101(2)	$138	$1,018
Assets under management	213	32	27	272

"(1) Includes $10 billion of assets related to the 1996 fourth quarter acquisition of Hotchkis and Wiley, a Los Angeles-based asset management company."
"(2) Includes $16.5 billion of assets related to the 1997 third quarter acquisition of MasterWorks, a 401(k) service provider."

Asset management fees, which include primarily fees earned on mutual funds sponsored by Merrill Lynch, increased due to net asset appreciation and strong inflows of client assets. Portfolio service fees benefited from the increase in the number of accounts and asset levels from asset-based fee products, primarily Merrill Lynch Consults(Registered Trademark), Mutual Fund Advisor(Service Mark), and Asset Power(Registered Trademark). Account fees rose due to an increase in the number of customer and custodial accounts. Other fee-based revenues were up due primarily to higher revenues from transfer agency activities.

Other revenues were $141 million, up 13% from $125 million in the 1996 third quarter.

Merrill Lynch's non-interest expenses are summarized below:

<TABLE>
<CAPTION>

	Three Months Ended	Nine Months Ended

(in millions)	Sept. 26, 1997	Sept. 27, 1996	Sept. 26, 1997	Sept. 27, 1996
<S>	<C>	<C>	<C>	<C>
Compensation and benefits	$2,008	$1,612	$6,000	$5,044
Non-interest expenses, excluding compensation and benefits:				
Communications and equipment rental	175	141	503	409
Occupancy	124	116	368	345
Depreciation and amortization	115	104	328	300
Professional fees	211	152	606	422
Advertising and market development	145	125	445	364
Brokerage, clearing, and exchange fees	137	103	367	310
Other	307	218	862	650
Total non-interest expenses, excluding compensation and benefits	1,214	959	3,479	2,800
Total non-interest expenses	$3,222	$2,571	$9,479	$7,844
Compensation and benefits as a percentage of net revenues	50.3%	52.1%	50.8%	51.8%
Compensation and benefits as a percentage of pretax earnings before compensation and benefits	72.3%	75.5%	72.1%	72.7%

</TABLE>

Non-interest expenses were up 25% from the 1996 third quarter. The largest expense category, compensation and benefits expense, rose 25% from the 1996 third quarter due to higher production-related and incentive compensation and increased headcount. Production-related compensation was up due to strong business volume, while incentive compensation rose as a result of increased profitability. In addition, approximately 5,400 employees were added since the end of the 1996 third quarter, resulting in total employees of approximately 54,200 at the end of the 1997 third quarter. Hirings of technical and other support personnel, together with headcount added by business acquisitions, were responsible for approximately 72% of the increase. The ratio of support employees and sales assistants to producers

increased from 1.48 at third quarter-end 1996 to 1.53 at third quarter-end 1997.

Communications and equipment rental expense rose 24% to $175 million. Expanded use of market data services, increased business volume, and higher technology maintenance costs contributed to the increase. Other facilities-related costs, which include occupancy and depreciation and amortization, rose 9% in the aggregate to $239 million as continued global expansion led to higher costs.

Professional fees were up 39% to $211 million, principally attributable to higher systems and management consulting costs related to various technology projects. Advertising and market development expense rose 16% primarily as a result of increased global travel and client promotion costs. Brokerage, clearing, and exchange fees increased 33% due to higher global securities trading volume. Other expenses were up 40% as a result of increases in provisions related to various business activities and legal matters.

Income tax expense was $266 million in the 1997 third quarter. The effective tax rate declined to 34.4% in the 1997 third quarter, compared with 36.6% in the year-ago period, as a result of reductions in state and local taxes arising from the settlement of many prior year tax audits.

LIQUIDITY AND LIABILITY MANAGEMENT

The primary objective of Merrill Lynch's funding policies is to assure liquidity at all times. Merrill Lynch's liquidity management strategy has three key components: (i) to maintain alternative funding sources such that all debt obligations maturing within one year can be funded when due without issuing new unsecured debt or liquidating any business assets; (ii) to concentrate unsecured, general purpose borrowings at the Parent Company level; and (iii) to expand and diversify Merrill Lynch's funding programs.

Merrill Lynch's primary alternative funding sources to unsecured borrowings are repurchase agreements and secured bank loans, which require pledging unhypothecated marketable securities. Other funding alternatives include liquidating cash equivalents; securitizing loan assets; and drawing on committed, unsecured bank credit facilities, which at September 26, 1997 totaled

$6.6 billion and were not drawn upon. Merrill Lynch regularly reviews the level and mix of its assets and liabilities to assess its ability to conduct core business activities without issuing new unsecured debt or drawing upon its bank credit facilities. The mix of assets and liabilities provides flexibility in managing liquidity since a significant portion of assets turn over frequently and are typically match-funded with liabilities having similar maturities and cash flow characteristics. At September 26, 1997, substantially all of Merrill Lynch's assets were considered readily marketable by management.

Merrill Lynch concentrates its unsecured, general purpose borrowings at the Parent Company level, except where tax regulations, time zone differences, or other business considerations make this impractical. The benefits of this strategy are enhanced control, reduced financing costs, wider name recognition by creditors of Merrill Lynch, and flexibility to meet variable funding requirements of subsidiaries.

Finally, Merrill Lynch strives to expand and diversify its funding programs and investor and creditor base. Merrill Lynch benefits by distributing its debt through its own sales force to a large, diversified customer base. Additionally, Merrill Lynch maintains strict concentration standards for short-term borrowings, including limits for any single investor.

Commercial paper is the major source of short-term general purpose funding. Commercial paper outstanding totaled $34.8 billion at September 26, 1997 and $23.6 billion at December 27, 1996, which was equal to 12% and 11% of total assets at third quarter-end 1997 and year-end 1996, respectively.

Outstanding long-term debt at September 26, 1997 increased to $40.0 billion from $26.1 billion at year-end 1996.

At September 26, 1997, Merrill Lynch's senior long-term debt, preferred stock, and trust-originated preferred securities were rated by recognized credit rating agencies, as follows:

Rating Agency	Senior Debt Rating	Preferred Stock and Trust-Originated Preferred Security Ratings
Duff & Phelps Credit Rating Co.	AA	AA-
Fitch Investors Service, L.P.	AA	AA-
IBCA Inc.	AA-	Not Rated
Japan Bond Research Institute	AA	Not Rated
Moody's Investors Service, Inc.	Aa3	aa3
Standard & Poor's	AA-	A
Thomson BankWatch, Inc.	AA+	Not Rated

During the first nine months of 1997, the Parent Company issued $18.7 billion in long-term debt. During the same period, maturities and repurchases were $4.6 billion. In addition, approximately $1.1 billion of the Parent Company's long-term debt securities held by subsidiaries were sold and $0.9 billion were purchased. At September 26, 1997, $29 billion of term debt had maturity dates beyond one year.

Approximately $77.4 billion of the Parent Company's indebtedness at September 26, 1997 is considered senior indebtedness as defined in its subordinated indenture.

As part of Merrill Lynch's overall liquidity management strategy, its insurance subsidiaries regularly review the funding requirements of their contractual obligations for in-force, fixed-rate life insurance and annuity contracts and expected future acquisition and maintenance expenses for all contracts. Insurance subsidiaries market primarily variable life insurance and variable annuity products. These products are not subject to the interest rate, asset/liability matching, and credit risks attributable to fixed-rate products, thereby reducing the risk profile and liquidity demands on the insurance subsidiaries. At September 26, 1997, approximately 84% of invested assets of insurance subsidiaries were considered liquid by management.

CAPITAL RESOURCES AND CAPITAL ADEQUACY

Merrill Lynch is one of the most highly capitalized U.S. institutions primarily involved in the global securities business, with $7.4 billion in common equity and $425 million in preferred stock at September 26, 1997. During the first quarter of 1997, the Parent Company redeemed all of its $194 million Remarketed Preferred(Service Mark) stock, Series C shares, and a subsidiary of the Parent

Company issued $300 million of perpetual Trust Originated Preferred Securities(Service Mark). These subsidiary-issued preferred securities, in addition to $327 million of preferred securities outstanding of other subsidiaries, further strengthen Merrill Lynch's equity capital base.

Merrill Lynch's leverage ratios were as follows:

	Leverage Ratio(1)	Adjusted Leverage Ratio(2)
Period-end		
September 26, 1997	34.2x	21.8x
December 27, 1996	29.5x	18.0x
Average (3)		
Nine months ended September 26, 1997	35.5x	21.3x
Year ended December 27, 1996	33.5x	19.9x

(1) Total assets to total stockholders' equity and preferred securities issued by subsidiaries.
(2) Total assets less resale agreements and securities borrowed to total stockholders' equity and preferred securities issued by subsidiaries.
(3) Based on month-end balances.

Overall capital needs are continually reviewed to ensure that Merrill Lynch's capital base can support the estimated risks of its businesses as well as the regulatory and legal capital requirements of its subsidiaries. Statistically-based product risk models are used to estimate potential losses arising from market and credit risks. These dynamic models incorporate changes in business risk into Merrill Lynch's equity requirements. Based upon these analyses and other criteria, management believes that Merrill Lynch's equity base is adequate.

Merrill Lynch repurchased 0.4 and 13.6 million shares of Parent Company common stock for the 1997 three- and nine-month periods, respectively, and 9.1 and 30.3 million shares for the corresponding 1996 periods. Remaining authority to repurchase shares under the share repurchase program is 10.0 million shares. Merrill Lynch will continue to manage share repurchases, taking into account capital needs and the effect of employee stock issuances.

Merrill Lynch operates in many regulated businesses that require various minimum levels of capital (see "Regulatory Requirements" section in Notes to the Consolidated Financial Statements - Unaudited). Merrill Lynch's broker-dealer, banking, insurance, and futures commission merchant activities are subject to regulatory requirements that may restrict the free flow of funds to affiliates. Regulatory approval is generally required for paying dividends in excess of certain established levels, making affiliated investments, and entering into management and service agreements with affiliated companies.

CAPITAL PROJECTS AND EXPENDITURES

Merrill Lynch continually prepares for the future by expanding its operations and investing in new technology to improve service to clients. To support business expansion, for example, Merrill Lynch plans to build a new European headquarters in London for approximately $650 million. Completion of this facility is expected to occur in 2001. Subsequent to quarter end, Merrill Lynch approved a plan to construct an office complex in central New Jersey to consolidate operations. Construction costs are estimated at approximately $325 million, and completion of this facility is anticipated in 2000.

Significant technology initiatives include Trusted Global Advisor(Service Mark) and Year 2000 systems compliance. Trusted Global Advisor(Service Mark), a new technology platform for Financial Consultants, is expected to be completed in fourth quarter 1998, with estimated remaining costs of approximately $340 million. The Year 2000 systems modifications are anticipated to be completed in early 1999. Based on information currently available, the remaining costs are estimated at $175 million and will cover hardware and software upgrades, systems consulting, and computer maintenance.

AVERAGE ASSETS AND LIABILITIES

Merrill Lynch monitors changes in its balance sheet using average daily balances that are determined on a settlement date basis and reported for management information purposes. Financial statement balances are recorded on a trade date basis as required under generally accepted accounting principles. The following discussion compares changes in settlement date average daily balances.

For the first nine months of 1997, average daily assets were $277 billion, up 17% from $237 billion for the 1996 fourth quarter. Average daily liabilities rose 17% to $269 billion from $230 billion for the 1996 fourth quarter. The major components in the growth of average daily assets and liabilities for the first nine months of 1997 are summarized as follows:

(in millions)	Increase in Average Assets	Percent Increase
Trading assets	$22,129	27%
Resale agreements and securities borrowed	10,983	11
Customer receivables	2,512	10

	Increase in Average Liabilities	Percent Increase
Repurchase agreements and securities loaned	$12,219	14%
Trading liabilities	10,960	23
Long-term borrowings	7,419	29
Commercial paper and other short-term borrowings	5,421	14

Due to the adoption of SFAS No. 125, average balances of trading assets and repurchase agreements increased by approximately $2.4 billion (for more information on SFAS No. 125, see "Accounting Change" section in Notes to the Consolidated Financial Statements - Unaudited). In addition, during the first nine months of 1997, trading assets and liabilities (which include on-balance-sheet hedges used to manage trading risks) rose as volume increased, benefiting from higher customer demand. Repurchase agreements and securities loaned transactions and resale agreements and securities borrowed transactions rose to fund the increase in trading activity. Customer receivables were also up as a result of higher secured lending in the form of margin and other collateralized loans.

Assets are funded through diversified sources that include repurchase agreements, commercial paper and other unsecured short-term borrowings, long-term borrowings, and equity. In addition to the increase in repurchase agreements and securities loaned transactions, the growth in average assets was funded by higher short- and long-term borrowings, particularly commercial paper and medium-term notes.

NON-INVESTMENT GRADE HOLDINGS AND HIGHLY LEVERAGED TRANSACTIONS

Non-investment grade holdings and highly leveraged transactions involve risks related to the creditworthiness of the issuers or counterparties and the liquidity of the market for such investments. Merrill Lynch recognizes these risks and, whenever possible, employs strategies to mitigate exposures. The specific components and overall level of non-investment grade and highly leveraged positions may vary significantly from period to period as a result of inventory turnover, investment sales, and asset redeployment.

"Non-Investment Grade Holdings"

In the normal course of business, Merrill Lynch underwrites, trades, and holds non-investment grade cash instruments in connection with its investment banking, market-making, and derivative structuring activities. Non-investment grade trading inventories have continued to increase to satisfy growing client demand for higher-yielding investments, including emerging market and other non-U.S. securities. Non-investment grade holdings are defined as debt and preferred equity securities rated BB+ or lower (or equivalent ratings by recognized credit rating agencies), certain sovereign debt in emerging markets, amounts due under derivative contracts from non-investment grade counterparties, and other financial instruments that, in the opinion of management, are non-investment grade. Non-investment grade trading inventories are carried at fair value.

Merrill Lynch's insurance subsidiaries also hold non-investment grade securities that are classified as available-for-sale and are carried at fair value.

A summary of positions with non-investment grade issuers (for cash instruments) or counterparties (for derivatives in a gain position) follows:

(in millions)	Sept. 26, 1997	Dec. 27, 1996
Trading assets:		
Cash instruments	$13,053	$7,585
Derivatives(1)	2,363	2,470
Trading liabilities - cash instruments	2,424	905
Insurance subsidiaries' investments	236	206

(1) Collateral of $467 and $848 was held at September 26, 1997 and year-end 1996, respectively, to reduce risk related to these derivative balances.

Included in the preceding table are debt and equity securities and bank loans of companies in various stages of bankruptcy proceedings or in default. At September 26, 1997, the carrying value of such instruments totaled $125 million, of which 53% resulted from Merrill Lynch's market-making activities in such securities. This compared with $133 million at December 27, 1996, of which 58% related to market-making activities. In addition, Merrill Lynch held distressed bank loans totaling $532 million and $351 million at September 26, 1997 and year-end 1996, respectively.

Derivatives may also expose Merrill Lynch to credit risk related to the underlying security where a derivative contract can either synthesize ownership of the underlying security (e.g., long total return swap) or potentially require ownership of the underlying security (e.g., short put option). In addition, derivatives may subject Merrill Lynch to credit spread risk, since changes in credit quality of the underlying securities may affect the derivatives' fair values.

A summary of exposures related to derivatives with non-investment grade underlying securities follows:

(in millions)	Sept. 26, 1997	Dec. 27, 1996
Derivative fair values:		
Trading assets(1)	$ 25	$ 63
Trading liabilities	222	64
Derivative notionals (off-balance-sheet)(2)	3,124	2,895

(1) Included in these amounts are $7 and $9 at September 26, 1997 and year-end 1996, respectively, that are also exposed to credit risk related to a non-investment grade counterparty, which are included in the preceding table.
(2) Calculated as notional subject to strike or reference price.

Merrill Lynch engages in hedging strategies to reduce its exposure associated with non-investment grade positions by purchasing an option to sell the related security or by entering into other offsetting derivative contracts.

Merrill Lynch also uses non-investment grade trading inventories, principally non-U.S. governments and agencies securities, to hedge the exposure arising from structured derivative transactions.

A summary of cash instruments and derivatives used to hedge the credit risk of non-investment grade positions follows:

(in millions)	Sept. 26, 1997	Dec. 27, 1996
Trading assets - cash instruments	$ 380	$ 905
Derivative notionals (off-balance-sheet)(1)	3,692	1,311

(1) Calculated as notional subject to strike or reference price.

At September 26, 1997, the largest non-investment grade concentration consisted of various sovereign and corporate issues of a South American country totaling $2.4 billion, some of which represented hedges of other financial instruments.

"Highly Leveraged Transactions"

Merrill Lynch provides financing and advisory services to, and invests in, companies entering into leveraged transactions, which may include leveraged buyouts, recapitalizations, and mergers and acquisitions. Merrill Lynch provides extensions of credit to leveraged companies in the form of senior and subordinated debt, as well as bridge financing on a select basis. In addition, Merrill Lynch syndicates loans for non-investment grade companies or in connection with highly leveraged transactions and may retain a residual portion of these loans.

Merrill Lynch holds direct equity investments in leveraged companies and interests in partnerships that invest in leveraged transactions. Merrill Lynch has also committed to participate in limited partnerships that invest in leveraged transactions. Future commitments to participate in limited partnerships and other direct equity investments will be made on a select basis. A summary of loans, investments, and commitments related to highly leveraged transactions follows:

(in millions)	Sept. 26, 1997	Dec. 27, 1996
Loans (net of allowance for loan losses)(1)	$392	$340
Equity investments(2)	164	113
Partnership interests	98	104
Bridge loan	30	31
Additional commitments to invest in partnerships	64	82
Unutilized revolving lines of credit and other lending commitments	265	301

(1) Represented outstanding loans to 39 and 36 companies at September 26, 1997 and year-end 1996, respectively.
(2) Invested in 59 and 48 enterprises at September 26, 1997 and year-end 1996, respectively.

At September 26, 1997, no one industry sector accounted for more than 26% of total non-investment grade positions and highly leveraged transactions.

STATISTICAL DATA

Selected statistical data for the last five quarters are presented below for informational purposes:

<TABLE>
<CAPTION>

<S>	3RD QTR. 1996 <C>	4TH QTR. 1996 <C>	1ST QTR. 1997 <C>	2ND QTR. 1997 <C>	3RD QTR. 1997 <C>
CLIENT ACCOUNTS (IN BILLIONS):					
Assets in U.S. Client Accounts	$ 735	$ 792	$ 818	$ 886	$ 960
Assets in Non-U.S. Client Accounts	44	47	50	54	58
Total Assets in Client Accounts	$ 779	$ 839	$ 868	$ 940	$ 1,018
Assets Under Management:					
Money Market	$ 86	$ 90	$ 99	$ 98	$ 105
Equity	54	59	62	68	73
Fixed-Income	42	43	43	45	46
Private Portfolio	27	38	40	43	45
Insurance	4	4	3	3	3
Total Assets Under Management	$ 213	$ 234	$ 247	$ 257	$ 272
ML Consults(Registered Trademark)	$ 20	$ 21	$ 21	$ 24	$ 26
Mutual Fund Advisor(Service Mark) and Asset Power(Registered Trademark)	$ 8	$ 9	$ 10	$ 13	$ 15
401(k) Assets	$ 41	$ 45	$ 47	$ 51	$ 71
UNDERWRITING (DOLLARS IN BILLIONS)(A):					
Global Debt and Equity:					
Volume	$ 44	$ 50	$ 57	$ 61	$ 65
Market Share	13.5%	13.0%	13.0%	13.0%	13.4%
U.S. Debt and Equity:					
Volume	$ 35	$ 43	$ 47	$ 49	$ 57
Market Share	16.2%	16.3%	15.9%	15.8%	15.9%
FULL-TIME EMPLOYEES:					
U.S	41,400	42,200	42,900	43,600	44,900
Non-U.S	7,400	7,600	8,400	8,800	9,300
TOTAL	48,800	49,800	51,300	52,400	54,200
Financial Consultants and Account Executives Worldwide	14,300	14,400	14,600	14,800	15,200
Support Personnel to Producer ratio (B)	1.48	1.51	1.52	1.54	1.53
INCOME STATEMENT:					
Net Earnings (in millions)	$ 331	$ 445	$ 465	$ 481	$ 493
Annualized Return on Average Common Stockholders' Equity	21.5%	28.5%	28.3%	28.5%	27.3%
Earnings per Common Share(C):					
Primary	$ .84	$ 1.14	$ 1.17	$ 1.24	$ 1.25
Fully Diluted	$ .84	$ 1.14	$ 1.17	$ 1.23	$ 1.24
BALANCE SHEET (IN MILLIONS):					

Total Assets	$207,911	$213,016	$247,603	$268,036	$288,430
Total Stockholders' Equity	$ 6,618	$ 6,892	$ 6,925	$ 7,268	$ 7,797
SHARE INFORMATION (IN THOUSANDS)(C):					
Weighted Average Shares Outstanding:					
Primary	378,420	378,889	389,067	379,429	387,643
Fully Diluted	381,268	381,405	389,067	384,450	389,736
Common Shares Outstanding (D)	331,258	328,172	330,921	329,048	332,352
Shares Repurchased	9,104	6,848	7,538	5,632	433

</TABLE>

(A) Full credit to book manager. Market share data derived from Securities Data Co.
(B) Support personnel includes sales assistants.
(C) Share and per share amounts have been restated for the two-for-one common stock split, effected in the form of a 100% stock dividend, paid on May 30, 1997.
(D) Does not include 4,187, 3,078 and 936 unallocated reversion shares held in the Employee Stock Ownership Plan at September 27, 1996, December 27, 1996, and March 28, 1997, respectively, which are not considered outstanding for accounting purposes. As of June 27, 1997, these shares had been fully allocated.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Since the filing of Merrill Lynch's 1996 10-K and Merrill Lynch's Quarterly Report on Form 10-Q for the quarter ended June 27, 1997 (the "Second Quarter 1997 10-Q"), the following events have taken place with respect to several of the actions reported therein. Capitalized terms used herein without definition have the meanings set forth in the 1996 10-K.

NASDAQ Antitrust Litigation. On June 30 and August 27, 1997, plaintiffs in the class action filed in connection with the NASDAQ Antitrust Litigation filed motions seeking court approval of settlements totaling nearly $100 million entered into by plaintiffs and certain of the defendants in this action. On October 14, 1997, the court approved those settlements. The settling defendants do not include MLPF&S, a defendant in the action.

For more detailed information regarding litigation matters involving Merrill Lynch, see "Item 3. - Legal Proceedings" in the 1996 10-K.

Item 5. Other Information

The 1998 Annual Meeting of Stockholders will be held at 10:00 a.m. on Tuesday, April 14, 1998 at the Merrill Lynch & Co., Inc. Conference and Training Center, 800 Scudders Mill Road, Plainsboro, New Jersey. Any stockholder of record entitled to vote generally for the election of directors may nominate one or more persons for election as a director at such meeting only if proper written notice of such stockholder's intent to make such nomination or nominations, in accordance with the provisions of Merrill Lynch's Certificate of Incorporation, has been given to the Secretary of Merrill Lynch, 100 Church Street, 12th Floor, New York, New York 10080-6512, no earlier than January 29, 1998 and no later than February 23, 1998. In addition, in accordance with provisions of Merrill Lynch's By-Laws, any stockholder intending to bring any other business before the meeting must advise Merrill Lynch in writing of the stockholder's intent to do so on or before February 23, 1997. In order to be included in Merrill Lynch's proxy statement, stockholder proposals must be submitted in writing to Merrill Lynch on or before November 10, 1997.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

(4) Instruments defining the rights of security holders, including indentures:

Pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K, Merrill Lynch hereby undertakes to furnish to the SEC, upon request, copies of the instruments defining the rights of holders of long-term debt securities of Merrill Lynch that authorize an amount of securities constituting 10% or less of the total assets of Merrill Lynch and its subsidiaries on a consolidated basis.

(10)(i) Merrill Lynch & Co., Inc. 1998 Deferred Compensation Plan for a Select Group of Eligible Employees

(10)(ii) Merrill Lynch & Co., Inc. Program for Deferral of Stock Option Gains for a Select Group of Eligible Employees

(11) Statement re: computation of per common share earnings

(12) Statement re: computation of ratios

(15) Letter re: unaudited interim financial information

(27) Financial Data Schedule

(b) Reports on Form 8-K

The following Current Reports on Form 8-K were filed by Merrill Lynch with the SEC during the quarterly period covered by this Report:

(i) Current Report dated July 16, 1997 for the purpose of filing Merrill Lynch's Preliminary Unaudited Earnings Summary for the three-month period ended June 27, 1997.

(ii) Current Report dated July 30, 1997 for the purpose of filing Merrill Lynch's Preliminary Unaudited Consolidated Balance Sheet as of June 27, 1997.

(iii) Current Report dated August 1, 1997 for the purpose of filing the form of Merrill Lynch's Major 8 European Index Market Index Target-Term Securities due August 30, 2002.

(iv) Current Report dated August 1, 1997 for the purpose of filing the form of Merrill Lynch's 6.55% Notes due August 1, 2004.

(v) Current Report dated September 24, 1997 for the purpose of filing the form of Merrill Lynch's S&P 500 Inflation Adjusted Market Index Target-Term Securities due September 24, 2007.

INDEX TO EXHIBITS

Exhibits

10(i) Merrill Lynch & Co., Inc. 1998 Deferred Compensation Plan for a Select Group of Eligible Employees

10(ii) Merrill Lynch & Co., Inc. Program for Deferral of Stock Option Gains for a Select Group of Eligible Employees

11 Statement re: computation of per share earnings

12 Statement re: computation of ratios

15 Letter re: unaudited interim financial information

27 Financial Data Schedule

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MERRILL LYNCH & CO., INC.

(Registrant)

Date: November 7, 1997

By: /s/ Joseph T. Willett

Joseph T. Willett
Senior Vice President
Chief Financial Officer

Exhibit 10(i)

MERRILL LYNCH & CO., INC.

1998 DEFERRED COMPENSATION PLAN

FOR A SELECT GROUP OF ELIGIBLE EMPLOYEES

DATED AS OF AUGUST 22, 1997

MERRILL LYNCH & CO., INC.
1998 DEFERRED COMPENSATION PLAN
FOR A SELECT GROUP OF ELIGIBLE EMPLOYEES

Table of Contents

MERRILL LYNCH & CO., INC.
1998 DEFERRED COMPENSATION PLAN
FOR A SELECT GROUP OF ELIGIBLE EMPLOYEES

ARTICLE I

GENERAL

1.1 Purpose and Intent.

The purpose of the Plan is to encourage the employees who are integral to the success of the business of the Company to continue their employment by providing them with flexibility in meeting their future income needs. It is intended that this Plan be unfunded and maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees within the meaning of Title I of ERISA, and all decisions concerning who is to be considered a member of that select group and how this Plan shall be administered and interpreted shall be consistent with this intention.

1.2 Definitions.

For the purpose of the Plan, the following terms shall have the meanings indicated.

"Account Balance" means, as of any date, the Deferred Amounts credited to a Participant's Account, adjusted in accordance with Section 3.4 to reflect the performance of the Participant's Selected Benchmark Return Options, the Annual Charge and any payments made from the Account to the Participant prior to that date.

"Account" means the reserve account established on the books and records of ML & Co. for each Participant to record the Participant's interest under the Plan.

"Adjusted Compensation" means the financial consultant incentive compensation, account executive incentive compensation or estate planning and business insurance specialist incentive compensation, in each case exclusive of base salary, earned by a Participant during the Fiscal Year ending in 1998, and payable after January 1, 1998, as a result of the Participant's production credit level, or such other similar items of compensation as the Administrator shall designate as "Adjusted Compensation" for purposes of this Plan.

"Administrator" means the Director of Human Resources of ML & Co., or his functional successor, or any other person or committee designated as Administrator of the Plan by the MDCC.

"Affiliate" means any corporation, partnership, or other organization of which ML & Co. owns or controls, directly or indirectly, not less than 50% of the total combined voting power of all classes of stock or other equity interests.

"Annual Charge" means the charge to the Participant's Account provided for in Section 3.4(c).

"Benchmark Return Options" means such Merrill Lynch mutual funds or other investment vehicles as the Administrator may from time to time designate for the purpose of indexing Accounts hereunder. In the event a Benchmark Return Option ceases to exist or is no longer to

be a Benchmark Return Option, the Administrator may designate a substitute Benchmark Return Option for such discontinued option.

"Board of Directors" means the Board of Directors of ML & Co.

"Code" means the U.S. Internal Revenue Code of 1986, as amended from time to time.

"Company" means ML & Co. and all of its Affiliates.

"Compensation" means, as relevant, a Participant's Adjusted Compensation, Variable Incentive Compensation and/or Sign-On Bonus, or such other items or items of compensation as the Administrator, in his sole discretion, may specify in a particular instance.

"Deferral Percentage" means the percentage (which, unless the Administrator, in his sole discretion, determines otherwise, shall be in whole percentage increments and not more than 90%) specified by the Participant to be the percentage of each payment of Compensation he or she wishes to defer under the Plan.

"Deferred Amounts" means, except as provided in Section 5.6, the amounts of Compensation actually deferred by the Participant under this Plan.

"Election Year" means the 1997 calendar year.

"Eligible Compensation" means a Participant's "eligible compensation" determined in the manner prescribed for ML & Co.'s Basic Group Life Insurance Plan as of August 1, 1997.

"Eligible Employee" means an employee eligible to defer amounts under this Plan, as determined under Section 2.1 hereof.

"ERISA" means the U.S. Employee Retirement Income Security Act of 1974, as amended from time to time.

"Fiscal Month" means the monthly period used by ML & Co. for financial accounting purposes.

"Fiscal Year" means the annual period used by ML & Co. for financial accounting purposes.

"Full-Time Domestic Employee" means a full-time employee of the Company paid from the Company's domestic based payroll (other than any U.S. citizen or "green card" holder who is employed outside the United States).

"Full-Time Expatriate Employee" means a U.S. citizen or "green card" holder employed by the Company outside the United States and selected by the Administrator as eligible to participate in the Plan (subject to the other eligibility criteria).

"Maximum Deferral" means the whole dollar amount specified by the Participant to be the amount of Compensation he or she elects to be deferred under the Plan.

"MDCC" means the Management Development and Compensation Committee of the Board of Directors.

"ML & Co." means Merrill Lynch & Co., Inc.

"Net Asset Value" means, with respect to each Benchmark Return Option that is a mutual fund or other commingled investment vehicle for which such values are determined in the normal course of business, the net asset value, on the date in question, of the Selected Benchmark Return Option for which the value is to be determined.

"Participant" means an Eligible Employee who has elected to defer Compensation under the Plan.

"Plan" means this Merrill Lynch & Co., Inc. 1998 Deferred Compensation Plan for a Select Group of Eligible Employees.

"Plan Year" means the Fiscal Year ending in 1998.

"Remaining Deferred Amounts" means a Participant's Deferred Amounts times a fraction equal to the number of remaining installment payments divided by the total number of installment payments.

"Retirement" means a Participant's (i) termination of employment with the Company for reasons other than for cause on or after the Participant's 65th birthday, or (ii) resignation on or after the Participant's 55th birthday if the Participant has at least 10 years of service, or (iii) resignation at any age with the express approval of the Administrator, which will be granted only if the termination is found by the Administrator to be in, or not contrary to, the best interests of the Company.

"Selected Benchmark Return Option" means a Benchmark Return Option selected by the Participant in accordance with Section 3.4.

"Sign-On Bonus" means a single-sum amount paid or payable to a new Eligible Employee during the Plan Year upon commencement of employment, in addition to base pay and other Compensation, to induce him or her to become an employee of the Company, or any similar item of compensation as the Administrator shall designate as "Sign-On Bonus" for purposes of this Plan.

"Variable Incentive Compensation" means the variable incentive compensation or office manager incentive compensation that is paid in cash to certain employees of the Company generally in January or February of the Plan Year with respect to the prior Fiscal Year, which for purposes of this Plan is considered earned during the Plan Year regardless of when it is actually paid to the Participant, or such other similar items of compensation as the Administrator shall designate as "Variable Incentive Compensation" for purposes of this Plan.

"401(k) Plan" means the Merrill Lynch & Co., Inc. 401(k) Savings & Investment Plan.

ARTICLE II

ELIGIBILITY

2.1 Eligible Employees.

(a) General Rule. An individual is an Eligible Employee if he or she (i) is a Full-Time Domestic Employee or a Full-Time Expatriate Employee, (ii) has at least $200,000 of Eligible Compensation for the Election Year, (iii) has attained at least the title of Vice President, Director or Managing Director, or holds a National Sales Management position with the Company (a "National Sales Manager"), and (iv) (A) is a financial consultant or an estate planning and business insurance specialist, who was a member in 1997 of the Chairman's Club, the Charles E. Merrill Circle, the Society of Eagles, the Falcons Club or the Win Smith Fellows, (B) is a National Sales Manager (C) is a member of the International Private Banking Group, (D) is employed as an Investment Manager for Merrill Lynch Asset Management, (E) is an employee in the 2 Band or above, or (F) is a producing employee in grade 95 or above; provided, that employees in the 1 Band or above and producing employees in grade 97 or above (or their executive equivalents) shall not be required to meet condition (ii) hereof, and provided, further, that employees who were 1997 Win Smith Fellows shall not be required to meet condition (iii) hereof.

(b) Individuals First Employed During Election Year or Plan Year. Subject to the approval of the Administrator in his sole discretion, an individual who is first employed by the Company during the Election Year or the Plan Year is an Eligible Employee if his or her Eligible Compensation, together, if applicable, with the amount of any Variable Incentive Compensation that will be payable to such individual in the next annual bonus cycle pursuant to a written bonus guarantee, is greater than $200,000 and he or she is either employed as a National Sales Manager or is to be nominated for at least the title of Vice President, Director or Managing Director at the first opportunity following his or her commencement of employment with the Company.

(c) Disqualifying Factors. An individual shall not, however, be an Eligible Employee if either (i) as of the deadline for submission of elections specified in Section 3.1(a) the individual's wages have been attached or are being garnished or are otherwise restrained pursuant to legal process or (ii) within 13 months prior to the deadline for submission of elections specified in Section 3.1(a), the individual has made a hardship withdrawal of Elective 401(k) Deferrals as defined under the 401(k) Plan.

ARTICLE III

DEFERRAL ELECTIONS; ACCOUNTS

3.1 Deferral Elections.

(a) Timing and Manner of Making of Elections. An election to defer Compensation for payment in accordance with Section 5.1 shall be made by submitting to the Administrator such forms as the Administrator may prescribe. Each election submitted must specify a Maximum Deferral and a Deferral Percentage with respect to each category of Compensation to be deferred. All elections by a Participant to defer Compensation under the Plan must be

received by the Administrator or such person as he may designate for the purpose by no later than September 30 of the Election Year (or such later date at the Administrator, in his sole discretion, may specify in any particular instance) or, in the event such date is not a business day, the immediately preceding business day; provided, however, that the Eligible Employee's election to defer a Sign-On Bonus must be part of such Eligible Employee's terms and conditions of employment agreed to prior to the Eligible Employee's first day of employment with the Company.

(b) Irrevocability of Deferral Election. Except as provided in Sections 3.5 and 5.5, an election to defer the receipt of any Compensation made under Section 3.1(a) is irrevocable once submitted to the Administrator or his designee. The Administrator's acceptance of an election to defer Compensation shall not, however, affect the contingent nature of such Compensation under the plan or program under which such Compensation is payable.

(c) Application of Election. The Participant's Deferral Percentage will be applied to each payment of Compensation to which the Participant's deferral election applies, provided, that the aggregate of the Participant's Deferred Amounts shall not exceed the Participant's Maximum Deferral. If a Participant has made deferral elections with respect to more than one category of Compensation, this Section 3.1(c) shall be applied separately with respect to each such category.

3.2 Crediting to Accounts.

A Participant's Deferred Amounts will be credited to the Participant's Account, as soon as practicable (but in no event later than the end of the following month) after the last day of the Fiscal Month during which such Deferred Amounts would, but for deferral, have been paid and will be accounted for in accordance with Section 3.4. No interest will accrue, nor will any adjustment be made to the Account, for the period until the Deferred Amounts are credited.

3.3 Minimum Requirements for Deferral.

(a) Minimum Requirements. Notwithstanding any other provision of this Plan, no deferral will be effected under this Plan with respect to a Participant if:

(i) the Participant is not an Eligible Employee as of December 31, 1997,

(ii) the Participant's election as applied to the Participant's Variable Incentive Compensation (determined by substituting the Election Year for the Plan Year) or Adjusted Compensation (determined by substituting the Fiscal Year immediately prior to the Fiscal Year ending in the Election Year for the Fiscal Year ending in the Plan Year) would have resulted in an annual deferral of less than $15,000, or

(iii) the greater of (A) the sum of (1) the "Medicare wages" amount listed on the Participant's W-2 form for the Plan Year and (2) any Compensation that is accelerated which the Participant may receive in December of the Election Year which would have been payable in the Plan Year in the absence of the action of the Company to accelerate the payment, and (B) the Participant's Eligible Compensation for the Plan Year, is less than $200,000;

provided, that any Participant who first becomes an employee of the Company during the Plan Year shall not be required to satisfy conditions (i) and (ii). Condition (ii) shall not be construed to require a Participant's elections to result in an actual deferral of at least $15,000.

(b) Failure to Meet Requirements. If the requirements of Section 3.3(a)(i) or (ii) are not met by a Participant to whom such requirements are applicable, such Participant's Deferred Amounts, if any, will be paid to such Participant, without adjustment to reflect the performance of any Selected Benchmark Return Option, as soon as practicable after it has been determined that the requirements have not been met. If the requirements of Section 3.3(a)(iii) are not met by a Participant, the greater of such Participant's Deferred Amounts or Account Balance will be paid to such Participant as soon as practicable after it has been determined that the requirements have not been met.

3.4 Benchmark Return Options; Adjustment of Accounts.

(a) Selection of Benchmark Return Options. Coincident with the Participant's election to defer Compensation, the Participant must select one or more Benchmark Return Options and the percentage of the Participant's Account to be adjusted to reflect the performance of each Selected Benchmark Return Option. A Participant may, by complying with such procedures as the Administrator may prescribe on a uniform and nondiscriminatory basis, including procedures specifying the frequency with respect to which such changes may be effected (but on not more than twelve days in any calendar year), change the Selected Benchmark Return Options to be applicable with respect to his or her Account.

(b) Adjustment of Accounts. While each Participant's Account does not represent the Participant's ownership of, or any ownership interest in, any particular assets, the Account shall be adjusted to reflect the investment experience of the Participant's Selected Benchmark Return Options in the same manner as if investments in accordance with the Participant's elections had actually been made through the ML Benefit Services Platform and ML II Core Recordkeeping System, or any successor system used for keeping records of Participants' Accounts (the "ML II System"). In adjusting Accounts, the timing of receipt of Participant instructions by the ML II System shall control the timing and pricing of the notional investments in the Participant's Selected Benchmark Return Options in accordance with the rules of operation of the ML II System and its requirements for placing corresponding investment orders, as if orders to make corresponding investments were actually to be made, except that in connection with the crediting of Deferred Amounts to the Participant's Account and distributions from the Account, appropriate deferral allocation instructions shall be treated as received from the Participant prior to the close of transactions through the ML II System on the relevant day. Each Selected Benchmark Return Option shall be valued using the Net Asset Value of the Selected Benchmark Return Option as of the relevant day; provided, that, in valuing a Selected Benchmark Return Option for which a Net Asset Value is not computed, the value of the security involved for determining Participants' rights under the Plan shall be the price reported for actual transactions in that security through the ML II System on the relevant day, without giving effect to any transaction charges or costs associated with such transactions; provided, further, that, if there are no such transactions effected through the ML II System on the relevant day, the value of the security shall be:

(i) if the security is listed for trading on one or more national securities exchanges, the average of the high and low sale prices for that day on the principal exchange for such security, or if such security is not traded on such principal exchange on that day, the average of the high and low sales prices

on such exchange on the first day prior thereto on which such security was so traded;

(ii) if the security is not listed for trading on a national securities exchange but is traded in the over-the-counter market, the average of the highest and lowest bid prices for such security on the relevant day; or

(iii) if neither clause (i) nor (ii) applies, the value determined by the Administrator by whatever means he considers appropriate in his sole discretion.

(c) Annual Charge. As of the last day of each Fiscal Year or such earlier day in December as the Administrator shall determine, an Annual Charge of 2.0% of the Participant's Deferred Amounts (exclusive of any appreciation or depreciation determined under Section 3.4 (b)) shall be applied to reduce the Account Balance (but not below zero). In the event that the Participant elects to have the Account Balance paid in installments, this Annual Charge will be charged on the Remaining Deferred Amounts after giving effect to the installment payments. In the event that the Account Balance is paid out completely during a Fiscal Year prior to the date that the Annual Charge is assessed, a pro rata Annual Charge will be deducted from amounts to be paid to the Participant to cover that fraction of the Fiscal Year that Deferred Amounts (or Remaining Deferred Amounts in the case of installment payments) were maintained hereunder. The Annual Charge shall be applied as a pro rata reduction of the portion of the Account Balance indexed to each of the Participant's Selected Benchmark Return Options. In applying the Annual Charge, the pricing principles set forth in Section 3.4(b) will be followed.

3.5 Rescission of Deferral Election.

(a) Prior to December 1, 1997. A deferral election hereunder may be rescinded at the request of a Participant only (i) on or before December 1, 1997, and (ii) if the Administrator, in his sole discretion and upon evidence of such basis that he finds persuasive (including a material applicable change in the Participant's U.S. Federal and/or foreign income tax rate during the period between October 1, 1997 and November 30, 1997), agrees to the rescission of the election. In the event the Administrator agrees to the rescission, the Deferred Amounts, if any, credited to the Participant's Account will be paid to the Participant as soon as practicable thereafter subject to reduction for any applicable withholding taxes.

(b) Adverse Tax Determination. Notwithstanding the provisions of Section 3.5(a), a deferral election may be rescinded at any time if (i) a final determination is made by a court or other governmental body of competent jurisdiction that the election was ineffective to defer income for purposes of U.S. Federal, state, local or foreign income taxation and the time for appeal from this determination has expired, and (ii) the Administrator, in his sole discretion, decides, upon the Participant's request and upon evidence of the occurrence of the events described in (i) hereof that he finds persuasive, to rescind the election. Upon such rescission, the Account Balance, including any adjustment for performance of the Selected Benchmark Return Options will be paid to the Participant as soon as practicable, and no additional amounts will be deferred pursuant to this Plan.

(c) Rescission For Amounts Not Yet Earned. Upon the Participant's written request, the Administrator may in his sole discretion terminate any deferral elections made hereunder with respect to Compensation not yet earned and no further amounts will be deferred. In addition, in the event a Participant receives a hardship withdrawal under the 401(k) Plan, the

Administrator shall, as of the date the Participant's Elective 401(k) Deferrals (as defined in the 401(k) Plan) are suspended under the 401(k) Plan as a result of such hardship withdrawal, terminate the Participant's deferrals under this Plan in accordance with the preceding sentence, as if the Participant had requested rescission in writing. In each case, amounts previously deferred will continue to be governed by the terms of this Plan.

ARTICLE IV

STATUS OF DEFERRED AMOUNTS AND ACCOUNT

4.1 No Trust or Fund Created; General Creditor Status.

Nothing contained herein and no action taken pursuant hereto will be construed to create a trust or separate fund of any kind or a fiduciary relationship between ML & Co. and any Participant, the Participant's beneficiary or estate, or any other person. Title to and beneficial ownership of any funds represented by the Account Balance will at all times remain in ML & Co.; such funds will continue for all purposes to be a part of the general funds of ML & Co. and may be used for any corporate purpose. No person will, by virtue of the provisions of this Plan, have any interest whatsoever in any specific assets of the Company. TO THE EXTENT THAT ANY PERSON ACQUIRES A RIGHT TO RECEIVE PAYMENTS FROM ML & CO. UNDER THIS PLAN, SUCH RIGHT WILL BE NO GREATER THAN THE RIGHT OF ANY UNSECURED GENERAL CREDITOR OF ML & CO.

4.2 Non-Assignability.

The Participant's right or the right of any other person to the Account Balance or any other benefits hereunder cannot be assigned, alienated, sold, garnished, transferred, pledged, or encumbered except by a written designation of beneficiary under this Plan, by written will, or by the laws of descent and distribution.

4.3 Effect of Deferral on Benefits Under Pension and Welfare Benefit Plans.

The effect of deferral on pension and welfare benefit plans in which the Participant may be a participant will depend upon the provisions of each such plan, as amended from time to time.

ARTICLE V

PAYMENT OF ACCOUNT

5.1 Manner of Payment.

(a) Regular Payment Elections. A Participant's Account Balance will be paid by the Company, as elected by the Participant at the time of his or her deferral election, either in a single payment to be made, or in the number of annual installments (not to exceed 15) chosen by the Participant to commence, (i) in the month following the month of the Participant's Retirement or death, (ii) in any month and year selected by the Participant after the end of 1998 or (iii) in any month in the calendar year following the Participant's Retirement; provided that, if a

Participant's election would result in payment (in the case of a single payment) or commencement of payment (in the case of installment payments) after the Participant's 70th birthday, then, notwithstanding the Participant's elections, the Company will pay, or commence payment of, the Participant's Account Balance in the month following the Participant's 70th birthday unless the Participant continues to be an active full time employee at such time, in which case the Company will pay, or commence payment of, the Participant's Account Balance in the month following the Participant's cessation of active service (to the extent payment has not already been made or commenced).. The amount of each annual installment, if applicable, shall be determined by multiplying the Account Balance as of the last day of the month immediately preceding the month in which the payment is to be made by a fraction, the numerator of which is one and the denominator of which is the number of remaining installment payments (including the installment payment to be made).

(b) Modified Installment Payments. In lieu of one of the regular payment elections provided for in Section 5.1(a), a Participant may elect to receive the Account Balance in at least 11 but no more than 15 annual installment payments ("modified installment payments"), such modified installment payments to commence on the last business day in March in the year following the Participant's Retirement or death (the "Initial Payment Date"). The modified installment payments shall be computed in accordance with last sentence of Section 5.1(a) and will in all other respects be treated like regular installment payments under the Plan. By electing modified installment payments, the Participant agrees that at any time prior to the last day of February immediately preceding a Participant's Initial Payment Date (the "Determination Date"), ML & Co. shall have the right, without the consent of the Participant or any beneficiary, to change the Participant's method of payment to 11 annuitized payments ("annuitized payments"), in the event that the Administrator, in his sole discretion, determines that such a change is necessary or appropriate in order to preserve the intended state tax benefits of the modified installment payments to the Participant or any beneficiary. In the event that the Administrator determines that annuitized payments shall be made, the amount of the annuitized payments will be determined by applying the Discount Rate, as defined below, to the Account Balance as of the Determination Date to create a stream of 11 equal annual payments. If annuitized payments are to be made, then the Account Balance shall cease to be adjusted pursuant to Sections 3.4(b) and (c) as of the Determination Date (except that a pro rata Annual Charge will be deducted from the Account Balance prior to calculation of the annuitized payments to cover the fraction of the Fiscal Year preceding the Determination Date) and the Company's only obligation to the Participant shall be to make the annuitized payments when due. As used herein, Discount Rate shall mean ML & Co.'s then-applicable after-tax cost of borrowing and is defined as (A) x (B), where (A) is equal to 1 minus ML & Co.'s then-effective tax rate, expressed as a decimal and (B) is equal to the sum of: (i) the annual yield on the then-current 5-year U.S. Treasury Note, and (ii) a spread (which will not be less than 0.10%) indicative of ML & Co.'s borrowing cost for transactions of similar structure and average maturity to the annuity, as determined by ML & Co.

5.2 Termination of Employment.

(a) Death or Retirement. Upon a Participant's death or Retirement prior to payment, the Account Balance will be paid, in accordance with the Participant's elections and as provided in Section 5.1(a) or (b), as applicable, to the Participant (in the event of Retirement) or to the Participant's beneficiary (in the event of death); provided, however, that in the event that a beneficiary of the Participant's Account is the Participant's estate or is otherwise not a natural person, then (i) if the Participant has

elected a regular payment election pursuant to Section 5.1(a), the applicable portion of the Account Balance will be paid in a single payment to such beneficiary notwithstanding any election of installment payments, and (ii) if the Participant has elected modified installment payments pursuant to Section 5.1(b), the applicable portion of the Account Balance will continue to be payable as modified installment payments or annuitized payments, as the case may be, but only to a single person consisting of the administrator or executor of the Participant's estate or another person lawfully designated by the administrator or executor (and in the event no such person is designated within a reasonable time, payment will be made in a lump sum).

(b) Other Termination of Employment. If the Participant's employment terminates at any time for any reason other than death or Retirement, the Account Balance will be paid to the Participant, in a single payment, as soon thereafter as is practicable, notwithstanding the Participant's elections hereunder.

(c) Leave of Absence, Transfer or Disability. The Participant's employment will not be considered as terminated if the Participant is on an approved leave of absence or if the Participant transfers or is transferred but remains in the employ of the Company or if the Participant is eligible to receive disability payments under the ML & Co. Basic Long-Term Disability Plan.

(d) Discretion to Alter Payment Date. Notwithstanding the provisions of Sections 5.2(a) and (b), if the Participant's employment terminates for any reason, the Administrator may, in his sole discretion, direct that the Account Balance be paid at some other time or that it be paid in installments; provided, that no such direction that adversely affects the rights of the Participant or his or her beneficiary under this Plan shall be implemented without the consent of the affected Participant or beneficiary. This direction may be revoked by the Administrator at any time in his sole discretion.

5.3 Withholding of Taxes.

ML & Co. will deduct or withhold from any payment to be made or deferred hereunder any U.S. Federal, state or local or foreign income or employment taxes required by law to be withheld or require the Participant or the Participant's beneficiary to pay any amount, or the balance of any amount, required to be withheld.

5.4 Beneficiary.

(a) Designation of Beneficiary. The Participant may designate, in a writing delivered to the Administrator or his designee before the Participant's death, a beneficiary to receive payments in the event of the Participant's death. The Participant may also designate a contingent beneficiary to receive payments in accordance with this Plan if the primary beneficiary does not survive the Participant. The Participant may designate more than one person as the Participant's beneficiary or contingent beneficiary, in which case (i) no contingent beneficiary would receive any payment unless all of the primary beneficiaries predeceased the Participant, and (ii) the surviving beneficiaries in any class shall share in any payments in proportion to the percentages of interest assigned to them by the Participant.

(b) Change in Beneficiary. The Participant may change his or her beneficiary or contingent beneficiary (without the consent of any prior beneficiary) in a writing delivered to the Administrator or his designee before the Participant's death. Unless the Participant states otherwise in writing, any change in beneficiary or contingent beneficiary will automatically revoke prior such designations of the Participant's beneficiary or of the Participant's contingent

beneficiary, as the case may be, under this Plan only; and any designations under other deferral agreements or plans of the Company will remain unaffected.

(c) Default Beneficiary. In the event a Participant does not designate a beneficiary, or no designated beneficiary survives the Participant, the Participant's beneficiary shall be the Participant's surviving spouse, if the Participant is married at the time of his or her death and not subject to a court-approved agreement or court decree of separation, or otherwise the person or persons designated to receive benefits on account of the Participant's death under the ML & Co. Basic Group Life Insurance Plan (the "Life Insurance Plan"). However, if an unmarried Participant does not have coverage in effect under the Life Insurance Plan, or the Participant has assigned his or her death benefit under the Life Insurance Plan, any amounts payable to the Participant's beneficiary under the Plan will be paid to the Participant's estate.

(d) If the Beneficiary Dies During Payment. If a beneficiary who is receiving or is entitled to receive payments hereunder dies after the Participant dies, but before all the payments have been made, the portion of the Account Balance to which that beneficiary was entitled will be paid as soon as practicable in one lump sum to such beneficiary's estate and not to any contingent beneficiary the Participant may have designated; provided, however, that if the beneficiary was receiving modified installment payments or annuitized payments pursuant to Section 5.1(b), the applicable portion of the Account Balance will continue to be paid as modified installment payments or annuitized payments, as the case may be, but only to a single person consisting of the administrator or executor of the beneficiary's estate or another person lawfully designated by the administrator or executor (and in the event no such person is designated within a reasonable time, payment will be made in a lump sum).

5.5 Hardship Distributions.

ML & Co. may pay to the Participant, on such terms and conditions as the Administrator may establish, such part or all of the Account Balance as he may, in his sole discretion based upon substantial evidence submitted by the Participant, determine necessary to alleviate hardship caused by an unanticipated emergency or necessity outside of the Participant's control affecting the Participant's personal or family affairs. Such payment will be made only at the Participant's written request and with the express approval of the Administrator and will be made on the date selected by the Administrator in his sole discretion. The balance of the Account, if any, will continue to be governed by the terms of this Plan. Hardship shall be deemed to exist only on account of expenses for medical care (described in Code Section 213(d)) of the Participant, the Participant's spouse or the Participant's dependents (described in Code Section 152); payment of unreimbursed tuition and related educational fees for the Participant, the Participant's spouse or the Participant's dependents; the need to prevent the Participant's eviction from or, foreclosure on, the Participant's principal residence; unreimbursed damages resulting from a natural disaster; or such other financial need deemed by the Administrator in his sole discretion to be immediate and substantial.

5.6 Domestic Relations Orders.

Notwithstanding the Participant's elections hereunder, ML & Co. will pay to, or to the Participant for the benefit of, the Participant's spouse or former spouse the portion of the Participant's Account Balance specified in a valid court order entered in a domestic relations proceeding involving the Participant's divorce or legal separation. Such payment will be made net of any amounts the Company may be required to withhold under applicable federal, state or

local law. After such payment, references herein to the Participant's "Deferred Amounts" (including, without limitation, for purposes of determining the Annual Charge applicable to any remaining Account Balance) shall mean the Participant's original Deferred Amounts times an amount equal to one minus a fraction, the numerator of which is the gross amount (prior to withholding) paid pursuant to the order, and the denominator of which is the Participant's Account Balance immediately prior to payment.

ARTICLE VI

ADMINISTRATION OF THE PLAN

6.1 Powers of the Administrator.

The Administrator has full power and authority to interpret, construe and administer this Plan so as to ensure that it provides deferred compensation for the Participant as a member of a select group of management or highly compensated employees within the meaning of Title I of ERISA. The Administrator's interpretations and construction hereof, and actions hereunder, including any determinations regarding the amount or recipient of any payments, will be binding and conclusive on all persons for all purposes. The Administrator will not be liable to any person for any action taken or omitted in connection with the interpretation and administration of this Plan unless attributable to his willful misconduct or lack of good faith. The Administrator may designate persons to carry out the specified responsibilities of the Administrator and shall not be liable for any act or omission of a person as designated.

6.2 Payments on Behalf of an Incompetent.

If the Administrator finds that any person who is entitled to any payment hereunder is a minor or is unable to care for his or her affairs because of disability or incompetency, payment of the Account Balance may be made to anyone found by the Administrator to be the committee or other authorized representative of such person, or to be otherwise entitled to such payment, in the manner and under the conditions that the Administrator determines. Such payment will be a complete discharge of the liabilities of ML & Co. hereunder with respect to the amounts so paid.

6.3 Corporate Books and Records Controlling.

The books and records of the Company will be controlling in the event a question arises hereunder concerning the amount of Adjusted Compensation, Incentive Compensation, Sign-On Bonus, Eligible Compensation, the Deferred Amounts, the Account Balance, the designation of a beneficiary, or any other matters.

ARTICLE VII

MISCELLANEOUS PROVISIONS

7.1 Litigation.

The Company shall have the right to contest, at its expense, any ruling or decision, administrative or judicial, on an issue that is related to the Plan and that the Administrator

believes to be important to Participants, and to conduct any such contest or any litigation arising therefrom to a final decision.

7.2 Headings Are Not Controlling.

The headings contained in this Plan are for convenience only and will not control or affect the meaning or construction of any of the terms or provisions of this Plan.

7.3 Governing Law.

To the extent not preempted by applicable U.S. Federal law, this Plan will be construed in accordance with and governed by the laws of the State of New York as to all matters, including, but not limited to, matters of validity, construction, and performance.

7.4 Amendment and Termination.

ML & Co., through the Administrator, reserves the right to amend or terminate this Plan at any time, except that no such amendment or termination shall adversely affect the right of a Participant to his or her Account Balance (as reduced by the current year's Annual Charge, or pro rata portion thereof, as set forth in Section 3.4(c)) as of the date of such amendment or termination.

Exhibit 10(ii)

MERRILL LYNCH & CO., INC.
PROGRAM FOR DEFERRAL OF STOCK OPTION GAINS
FOR A SELECT GROUP OF ELIGIBLE EMPLOYEES

Dated as of September 17, 1997

MERRILL LYNCH & CO., INC.
PROGRAM FOR DEFERRAL OF STOCK OPTION GAINS
FOR A SELECT GROUP OF ELIGIBLE EMPLOYEES

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MERRILL LYNCH & CO., INC.
PROGRAM FOR DEFERRAL OF STOCK OPTION GAINS
FOR A SELECT GROUP OF ELIGIBLE EMPLOYEES

1.1 Purpose and Intent.

The purpose of the Plan is to encourage the employees who are integral to the success of the business of the Company to continue their employment and their alignment with Merrill Lynch & Co., Inc. Common Stock by providing them with the ability to defer receipt of option gains with respect to non-qualified stock options granted under the Merrill Lynch & Co., Inc. Long-Term Incentive Compensation Plan and the Merrill Lynch & Co., Inc. Long-Term Incentive Compensation Plan for Managers and Producers (collectively, "LTICP").

It is intended that the Plan be unfunded and maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees within the meaning of Title I of ERISA, and all decisions concerning who is to be considered a member of that select group and how the Plan shall be administered and interpreted shall be consistent with this intention.

1.2 Definitions.

For the purpose of the Plan, the following terms shall have the meanings indicated.

"Administrator" means the Director of Human Resources of ML & Co., or his functional successor, or any other person or committee designated as Administrator of the Plan by the Management Development and Compensation Committee of the Board of Directors.

"Affiliate" means any corporation, partnership, or other organization of which ML & Co. owns or controls, directly or indirectly, not less than 50% of the total combined voting power of all classes of stock or other equity interests.

"Account Balances" means the Participant's Stock Unit Account Balance and Cash Unit Account Balance.

"Board of Directors" means the Board of Directors of ML & Co. or any duly authorized Committee thereof.

"Cash/Stock Unit Account" means the reserve account established on the books and records of ML & Co. to record the Participant's Stock Unit Account Balance and Cash Unit Account Balance.

"Cash Unit" means an entry in a Participant's Cash Unit Account Balance representing the Company's obligation to pay an amount in cash equal to the value of one share of Common Stock.

"Cash Unit Account Balance" means, as of any date, the number of Cash Units credited to the Participant in connection with the payment of dividend equivalents on Stock Units and/or Cash Units in accordance with Section 4.2, as adjusted to any changes in capitalization in accordance with Section 4.2 and any payments made from the Cash Unit Account Balance to the Participant prior to that date.

"Code" means the U.S. Internal Revenue Code of 1986, as amended from time to time.

"Committee" means the Management Development and Compensation Committee of the Board of the Directors. Except as may be required by law, any function of the Committee may be delegated to the Administrator.

"Common Stock" means the Common Stock, par value $1.33 1/3 per share of ML & Co., together with (for so long they are outstanding) one Right to Purchase Units of Series A Junior Preferred Stock, par value $1.00 per share, of ML & Co. issued pursuant to the Rights Agreement dated as of December 16, 1987 between ML & Co. and Manufacturers Hanover Trust Company, Rights Agent, as amended.

"Company" means ML & Co. and all of its Affiliates.

"Covered Options" means the particular non-qualified options granted under LTICP as to which a Participant has elected to defer gains.

"Deemed Exercise" means the conversion of Covered Options to the right to receive the Stock Units.

"Deferral Election" means a Participant's election to defer the gain on non qualified stock options granted under LTICP as described in Section 3.1 and Exhibit A hereto.

"Eligible Employee" means an employee eligible to make a deferral under the Plan, as determined in Article II hereof.

"ERISA" means the U.S. Employee Retirement Income Security Act of 1974, as amended from time to time.

"Fair Market Value" of Common Stock on any given date means (a) the mean of the high and low sales prices on the New York Stock Exchange--Composite Tape on the date(s) in question, or, if the Common Stock shall not have been traded on any such date(s), the mean of the high and low sales prices on the New York Stock Exchange--Composite Tape on the first day prior thereto on which the Common Stock was so traded; or (b) such other amount as may be determined by the Administrator by any fair and reasonable means.

"Fiscal Month" means the monthly period used by ML & Co. for financial accounting purposes.

"Fiscal Year" means the annual period used by ML & Co. for financial accounting purposes.

"ML & Co." means Merrill Lynch & Co., Inc.

"Officer(s)" means all officers of ML & Co., as such term is defined in Rule 16a-1 under the Securities Exchange Act of 1934.

"Participant" means an Eligible Employee who elects to defer under the Plan.

"Plan" means this Merrill Lynch & Co., Inc. Program for Deferral of Stock Option Gains for a Select Group of Eligible Employees.

"Rabbi Trust" means the Trust that may be established, at the option of the Administrator, to receive the delivery of shares otherwise issuable upon the exercise of Covered Options as provided

hereunder and to hold such shares (or the proceeds thereof) until payment of amounts pursuant to this Plan.

"Retirement" means a Participant's (i) termination of employment with the Company for reasons other than for cause on or after the Participant's 65th birthday, or (ii) resignation on or after the Participant's 55th birthday if the Participant has at least 10 years of service, or (iii) resignation at any age with the express approval of the Administrator, which will be granted only if the termination is found by the Administrator to be in, or not contrary to, the best interests of the Company.

"Stock Unit" means an entry in a Participant's Stock Unit Account Balance representing the Company's obligation to make payment to a Participant in the form of one share of Common Stock in accordance with the Plan.

"Stock Unit Account Balance" means, as of any date, the number of Stock Units credited to a Participant's Cash/Stock Unit Account as adjusted to any changes in capitalization in accordance with Section 4.2 and any payments made from the Stock Unit Account Balance to the Participant prior to that date.

ARTICLE II

ELIGIBILITY

2.1 Eligible Employees.

Initially participation in this Plan shall be limited to employees of the Company who were granted non-qualified Stock Options in 1989, provided that the Administrator, in his sole discretion, may expand such eligibility to include additional employees who are generally eligible to participate in the Merrill Lynch & Co., Inc. Deferred Compensation Plans for a Select Group of Eligible Employees, and such other employees as the Administrator may, in sole discretion, determined.

2.2 Representation and Warranty by Participant.

The deferral opportunity being offered hereby has not been and will not be registered under the Securities Act of 1933 (the "Securities Act") and is being offered to "accredited investors" (within the meaning of Rule 501(a)(6) under the Securities Act) in reliance on the exemption from registration provided by Section 4(2) of the Securities Act. Accordingly, when submitting his or her election form to the Administrator or his designee, each Participant must represent and warrant to ML & Co. that he or she is a natural person who had an individual income in excess of $200,000 in the most recent calendar year then ended and has a reasonable expectation of reaching the same income level in the current calendar year. This requirement is in addition to, and not a substitute for, the eligibility requirements set forth in Section 2.1.

ARTICLE III

DEFERRAL ELECTIONS

3.1 Deferral Elections.

(a) Making Elections. Eligible employees can elect to defer receipt of the gain to which such Participant would otherwise be entitled on exercise of any non-qualified options granted to

such employees under LTICP. Deferral Elections shall be made by submitting to the Administrator or his designee the form attached hereto as Exhibit A.

(i) Each Deferral Election must be made at least 90 days prior to the Deemed Exercise of the Covered Options to which the Deferral Election relates and must specify the particular Stock Options (including the date of grant) to which such Deferral Election relates and the number of Shares issuable upon exercise of such Stock Options.

(ii) To be effective, each Deferral Election must be made (A) in or prior to the taxable year immediately prior to the expiration of such Covered Option and (B) at least six (6) months prior to the date of such expiration.

(iii) To be effective, each Deferral Election must defer the gain on a minimum of 1,000 options.

(b) Deemed Exercise. When a Deferral Election has been made, Covered Options, while remaining subject to all other terms and conditions of LTICP, may only be exercised subject to the Deemed Exercise procedures in this Plan. Covered Options will not be converted to Units in accordance with Section 4.1 until a Deemed Exercise has occurred. To effect a Deemed Exercise, Participants must prove ownership of previously held shares of Common Stock (owned for a period of not less than six months) having a Fair Market Value on the Deemed Exercise date equal to the total Exercise Price. The date on which such Deemed Exercise occurs will determine the number of Stock Units credited to a Participant in accordance with Section 4.1.

(c) Effect of a Deferral Followed by a Deemed Exercise. Upon a Deemed Exercise of all or a portion of the Covered Options to which such Deferral Election relates, a Participant will be credited with a number of Stock Units determined in accordance with Section 4.1 [and a like number of shares of Common Stock shall be held for delivery in the Treasury of ML & Co.] and, if the Administrator determines, delivered to a Rabbi Trust established in accordance with Section 8.1 hereof for payment to the Participant in accordance with Article VI hereof.

(d) Irrevocability of Deferral Election. Except as provided in Sections 3.3 and 6.6 and 6.7, an election made under Section 3.1(a) is irrevocable once submitted to the Administrator or his designee. Once a Participant elects to defer the gains on all or a portion of a Stock Option, any gains will be deferred whenever a Deemed Exercise of a Stock Option occurs.

3.2 Minimum Requirements for Deferral.

Minimum Requirements. Notwithstanding any other provision of the Plan, no deferral will be effected under the Plan with respect to a Participant if:

(a) the Participant is not an Eligible Employee when the election is made,

(b) the greater of (A) the sum of (1) the compensation amount listed on the Participant's W-2 form for the most recent calendar year, and (2) any incentive compensation that is accelerated which the Participant may receive in the current calendar year that would have been payable in next calendar year in the absence of the action of the Company to accelerate the payment, and (B) the Participant's Eligible Compensation for the next calendar year, is less than $200,000.

3.3 Rescission of Deferral Election.

(a) Prior to Deemed Exercise. A deferral election hereunder will be rescinded if a Participant's employment terminates prior to a Deemed Exercise. In addition, a deferral election may be rescinded at the request of the Participant prior to a Deemed Exercise, if the Administrator, in his sole discretion and upon evidence of such basis that he finds persuasive (including a material applicable change in the Participant's U.S. Federal and/or foreign income tax rate during the relevant period), agrees to the rescission of the election. In the event of a rescission under this Section 3.3(a), no deferral will be effected under the Plan.

(b) Adverse Tax Determination. Notwithstanding the provisions of Section 3.3(a), a deferral election may be rescinded at any time if (i) a final determination is made by a court or other governmental body of competent jurisdiction that the election was ineffective to defer income for purposes of U.S. Federal, state, local or foreign income taxation and the time for appeal from this determination has expired, and (ii) the Administrator, in his sole discretion, decides, upon the Participant's request and upon evidence of the occurrence of the events described in (i) hereof that he finds persuasive, to rescind the election. Upon any such rescission, the Account Balance will be paid to the Participant as soon as practicable.

ARTICLE IV

CASH/STOCK UNIT ACCOUNTS

4.1 Creation and Crediting to Accounts

A Cash/Stock Unit Account shall be created for each Participant who has deferred under the Plan and effected a Deemed Exercise. As soon as practicable after the Deemed Exercise (but in no event later than the end of the following month), a Participant's Stock Unit Account Balance will be credited with a number of Stock Units (or fractions thereof) equal to: (1) the aggregate Fair Market Value (on the date of Deemed Exercise) of the number of Covered Option shares that are the subject of the Deemed Exercise; (2) minus: (A) the aggregate Exercise Price of the shares subject to the Covered Option; and (B) any FICA or Medicare taxes due upon such exercise (unless the Administrator determines that such taxes should be payable in some other manner); (3) divided by the Fair Market Value of the Common Stock on such Date. Cash Units will be credited to a Participant's Cash Unit Account Balance in accordance with Section 4.2.

4.2 Dividend Equivalents.

Whenever a cash dividend is paid on a share of Common Stock, the Participant's Cash/Stock Unit Account shall be credited, on the payment date for such cash dividend, with the number of Cash Units determined by multiplying the per share amount of the cash dividend by the Participant's Stock Unit Account Balance and Cash Unit Account Balance (expressed in Stock Units and Cash Units, respectively), on the record date for such cash dividend and dividing the result by the price per share of Common Stock used for purposes of the reinvestment of such cash dividend in the Merrill Lynch & Co., Inc. Dividend Reinvestment Program, and rounding the result to the nearest 1/100th of a Unit (with .005 being rounded upwards).

4.3 Changes in Capitalization.

Any other provision of the Plan to the contrary notwithstanding, if any change shall occur in or affect shares of Common Stock on account of a merger, consolidation, reorganization, stock

dividend, stock split or combination, reclassification, recapitalization, or distribution to holders of shares of Common Stock (other than cash dividends) including, without limitation, a merger or other reorganization event in which the shares of Common Stock cease to exist, or, if in the opinion of the Board of Directors, after consultation with the Company's independent public accountants, changes in the Company's accounting policies, acquisitions, divestitures, distributions, or other unusual or extraordinary items have disproportionately and materially affected the value of shares of Common Stock or Stock or Cash Units, the Committee shall make such adjustments, if any, that it may deem necessary or equitable in each Participant's Cash/Stock Unit Account in order to preserve the full benefits of the Plan for the Participants, taking into account any factors that the Committee, in its sole discretion, considers relevant. In the event of a change in the presently authorized shares of Common Stock that is limited to a change in the designation thereof or a change of authorized shares with par value into the same number of shares with a different par value or into the same number of shares without par value, the shares resulting from any such change shall be deemed to be shares of Common Stock within the meaning of the Plan. In the event of any other change affecting the shares of Common Stock or Stock or Cash Units, such adjustment shall be made as may be deemed equitable by the Committee to give proper effect to such event.

ARTICLE V

STATUS OF ACCOUNT

5.1 Status.

Nothing contained herein and no action taken pursuant hereto will be construed to create any kind or a fiduciary relationship between ML & Co. and any Participant, the Participant's beneficiary or estate, or any other person. Title to and beneficial ownership of any funds represented by any Account Balance will at all times remain with the Company, or in the event a Rabbi Trust is established, in the Rabbi Trust, and available to the creditors of the Company in the event of a bankruptcy. No person will, by virtue of the provisions of the Plan, have any interest whatsoever in any specific assets of the Company. TO THE EXTENT THAT ANY PERSON ACQUIRES A RIGHT TO RECEIVE PAYMENTS FROM THE COMPANY UNDER THE PLAN, SUCH RIGHT WILL BE NO GREATER THAN THE RIGHT OF ANY UNSECURED GENERAL CREDITOR OF THE COMPANY.

5.2 Non-Assignability.

The Participant's right or the right of any other person to any Account

Balance or any other benefits hereunder cannot be assigned, alienated, sold, garnished, transferred, pledged, or encumbered except by a written designation of beneficiary under the Plan, by written will, or by the laws of descent and distribution.

5.3 Effect of Deferral on Benefits Under Pension and Welfare Benefit Plans.

The effect of deferral on pension and welfare benefit plans in which the Participant may be a participant will depend upon the provisions of each such plan, as amended from time to time.

ARTICLE VI

PAYMENT OF ACCOUNT

6.1 Payment Date.

(a) Regular Payment Elections. Subject to Section 7.1(b), the Participant's Account Balances will be paid by ML & Co., as elected by the Participant at the time of his or her deferral election, either in a single payment to be made, or in the number of annual installment payments (not to exceed 15) chosen by the Participant to commence, (i) in the month following the month of the Participant's Retirement or death, (ii) in any month and year selected by the Participant after the end of 1998 or (iii) in any month in the calendar year following the Participant's Retirement; provided that no member of Executive Management shall elect to receive the payment (in the case of a single payment) or commencement of payment (in the case of installment payments) earlier than a date which is six months and one day after the earliest to occur of Retirement, Death or other termination of employment. The amount of each annual installment payment, if applicable, shall be determined by multiplying the Fair Market Value of the Account Balances as of the last day of the month immediately preceding the month in which the payment is to be made by a fraction, the numerator of which is one and the denominator of which is the number of remaining installment payments (including the installment payment to be made) and rounding the result to the nearest whole Stock Unit of Cash Unit as the case may be.

(b) Modified Installment Payments. If the Participant had elected (at the time of deferral) to receive at least 11 but no more than 15 annual Installment Payments in accordance with Section 7.1(a), then such Participant's Account Balances, will be paid in modified installment payments, such modified installment payments to commence at least six months and one day following the Participant's Retirement or upon the Participant's death. The modified installment payments shall be computed in accordance with the last sentence of Section 7.1(a) and will in all other respects be treated like regular installment payments under the Plan.

6.2 Manner of Payment. Payments of Stock Unit Account Balances will be made in the form of one share of Common Stock for each Stock Unit to be paid, [with any fractional Stock Units paid in cash.] Payments of Cash Units will be made in cash. The amount of such cash payment shall be determined by multiplying the number of Cash Units to be paid by the Fair Market Value of a share of Common Stock on the last business day immediately prior to the day on which payment is to be made and rounding the result up to the nearest whole cent.

6.3 Termination of Employment.

(a) Death or Retirement. If the Participant dies or begins Retirement prior to payment, then the Account Balances will be paid, in accordance with the Participant's elections and as provided in Sections 6.1 and 6.2, to the Participant (in the event of Retirement) or to the Participant's beneficiary (in the event of death), provided, however, that in the event that a beneficiary of the Participant's Account is the Participant's estate or is otherwise not a natural person, then (i) if the Participant has elected a regular payment election pursuant to Section 6.1(a), the applicable portion of the Account Balances will be paid in a single payment to such beneficiary notwithstanding any election of installment payments, and (ii) if the Participant has elected modified installment payments pursuant to Section 6.1(b), the applicable portion of the Cash/Stock Unit Account, if applicable, will continue to be payable as modified installment payments, but only to a single person consisting of the administrator or executor of the Participant's estate or another person lawfully designated by the administrator or executor (and in the event no such person is designated within a reasonable time, payment will be made in a lump sum).

(b) Other Termination of Employment. If the Participant's employment terminates at any time for any reason other than death or Retirement, the Account Balances will be paid to the Participant in a single payment in the manner specified in Section 6.2, as soon thereafter as is practicable, notwithstanding the Participant's elections hereunder.

(c) Leave of Absence, Transfer or Disability. The Participant's employment will not be considered as terminated if the Participant is on an approved leave of absence or if the Participant transfers or is transferred but remains in the employ of the Company or if the Participant is eligible to receive disability payments under the ML & Co. Basic Long-Term Disability Plan.

(d) Discretion to Alter Payment Date. Notwithstanding the provisions of Sections 6.3(a) and (b), if the Participant's employment terminates for any reason, the Administrator may, in his sole discretion, direct that the Account Balances be paid at some other time or that it be paid in installments; provided, that no such direction that adversely affects the rights of the Participant or his or her beneficiary under the Plan shall be implemented without the consent of the affected Participant or beneficiary. This direction may be revoked by the Administrator at any time in his sole discretion.

6.4 Withholding of Taxes.

ML & Co. will deduct or withhold from any payment to be made or deferred hereunder any U.S. Federal, state or local or foreign income or employment taxes required by law to be withheld or require the Participant or the Participant's beneficiary to pay any amount, or the balance of any amount, required to be withheld, provided that when any payments are made to Participants in connection with a deferral (either as a result of a revocation of such deferral by the Corporation or otherwise) all federal state or local taxes required by law that arise as a result of such payout shall be paid either (A) by applying the cash payable from the Cash Unit Account Balance or, (B) in the event (A) does not yield sufficient cash to pay such taxes, by withholding from the number of shares otherwise deliverable, such number of shares as shall have a Fair Market Value (as such term is defined in LTICP) on the date of such payout at least equal to the amount of tax to be withheld

6.5 Beneficiary.

(a) Designation of Beneficiary. The Participant may designate, in a writing delivered to the Administrator or his designee before the Participant's death, a beneficiary to receive payments in the event of the Participant's death. The Participant may also designate a contingent beneficiary to receive payments in accordance with the Plan if the primary beneficiary does not survive the Participant. The Participant may designate more than one person as the Participant's beneficiary or contingent beneficiary, in which case (i) no contingent beneficiary would receive any payment unless all of the primary beneficiaries predeceased the Participant, and (ii) the surviving beneficiaries in any class shall share in any payments in proportion to the percentages of interest assigned to them by the Participant.

(b) Change in Beneficiary. The Participant may change his or her beneficiary or contingent beneficiary (without the consent of any prior beneficiary) in a writing delivered to the Administrator or his designee before the Participant's death. Unless the Participant states otherwise in writing, any change in beneficiary or contingent beneficiary will automatically revoke such prior designations of the Participant's beneficiary or of the Participant's contingent beneficiary, as the

case may be, under the Plan only; and any designations under other deferral agreements or plans of the Company will remain unaffected.

(c) Default Beneficiary. In the event a Participant does not designate a beneficiary, or no designated beneficiary survives the Participant, the Participant's beneficiary shall be the Participant's surviving spouse, if the Participant is married at the time of his or her death and not subject to a court-approved agreement or court decree of separation, or otherwise the person or persons designated to receive benefits on account of the Participant's death under the ML & Co. Basic Group Life Insurance Plan (the "Life Insurance Plan"). However, if an unmarried Participant does not have coverage in effect under the Life Insurance Plan, or the Participant has assigned his or her death benefit under the Life Insurance Plan, any amounts payable to the Participant's beneficiary under the Plan will be paid to the Participant's estate.

(d) If the Beneficiary Dies During Payment. If a beneficiary who is receiving or is entitled to receive payments hereunder dies after the Participant but before all the payments have been made, the portion of the Account Balances to which that beneficiary was entitled will be paid as soon as practicable in one lump sum to such beneficiary's estate and not to any contingent beneficiary the Participant may have designated; provided, however, that if the beneficiary was receiving modified installment payments pursuant to Section 6.1(b), the applicable portion of the Index Account Balances will continue to be paid as modified installment payments, but only to a single person consisting of the administrator or executor of the beneficiary's estate or another person lawfully designated by the administrator or executor (and in the event no such person is designated within a reasonable time, payment will be made in a lump sum).

6.6 Hardship Distributions.

ML & Co. may pay to the Participant, on such terms and conditions as the Administrator may establish, such part or all of the Account Balances as he may, in his sole discretion based upon substantial evidence submitted by the Participant, determine necessary to alleviate hardship caused by an unanticipated emergency or necessity outside of the Participant's control affecting the Participant's personal or family affairs. Such payment will be made only at the Participant's written request and with the express approval of the Administrator, and in the case of an Officer of ML & Co., with the approval of the Committee, and will be made on the date selected by the Administrator in his sole discretion. The Account Balances remaining, if any, will continue to be governed by the terms of the Plan. Hardship shall be deemed to exist only on account of expenses for medical care (described in Code Section 213(d)) of the Participant, the Participant's spouse or the Participant's dependents (described in Code Section 152); payment of unreimbursed tuition and related educational fees for the Participant, the Participant's spouse or the Participant's dependents; the need to prevent the Participant's eviction from or, foreclosure on, the Participant's principal residence; unreimbursed damages resulting from a natural disaster; or such other financial need deemed by the Administrator in his sole discretion to be immediate and substantial.

6.7 Domestic Relations Orders.

Notwithstanding the Participant's elections hereunder, ML & Co. will pay to, or to the Participant for the benefit of, the Participant's spouse or former spouse the portion of the Participant's Account Balances specified in a valid court order entered in a domestic relations proceeding involving the Participant's divorce or legal separation. Such payment will be made net of any amounts the Company may be required to withhold under applicable federal, state or local law.

ARTICLE VII

ADMINISTRATION OF THE PLAN

7.1 Powers of the Committee and the Administrator.

(a) General. The Committee and the Administrator shall administer the Plan in accordance with its terms, and will have all powers necessary to accomplish said purpose. The Administrator shall have full power, discretion and authority to interpret and construe, and to administer all aspect of the Plan that do not relate to Executive Officers of the Company. The Administrator shall administer the Plan so as to ensure that it provides deferred compensation for the Participant as a member of a select group of management or highly compensated employees within the meaning of Title I of ERISA. The Administrator's interpretations and construction hereof, and actions hereunder, including any determinations regarding the amount or recipient of any payments, will be binding and conclusive on all persons for all purposes.

(b) Limitation of Liability. Each member of the Committee and the Administrator shall be entitled to, in good faith, rely or act upon any report or other information furnished to him or her by any officer or other employee of the Company, independent certified accountants, consultants, legal counsel or other professional retained by the Company to assist in the administration of the Plan. No member of the Committee, the Administrator, or any officers or employee of the Company acting on behalf of the Committee shall be personally liable for any action, determination, or interpretation taken or made in good faith with respect to the Plan, and such persons shall, to the extent permitted by law, be fully indemnified and protected by the Company with respect to such action determination or interpretation.

7.2 Optional Rabbi Trust

Creation of Trust. The Administrator, at any time, may authorize the establishment of a Rabbi Trust to hold shares representing the shares deferred under this Plan on such terms and conditions as the Administrator shall approve. The trustee of the Rabbi Trust shall be a party unaffiliated with the Company. If a Rabbi Trust has been established, upon any Deemed Exercise, a number of shares equal to the number of Stock Units credited in Section 4.1 hereof shall be delivered by the Company to the Rabbi Trust.

7.3 Payments on Behalf of an Incompetent.

If the Administrator finds that any person who is entitled to any payment hereunder is a minor or is unable to care for his or her affairs because of disability or incompetency, payment of the Unit Account Balance may be made to anyone found by the Administrator to be the committee or other authorized representative of such person, or to be otherwise entitled to such payment, in the manner and under the conditions that the Administrator determines. Such payment will be a complete discharge of the liabilities of ML & Co. hereunder with respect to the amounts so paid.

7.4 Corporate Books and Records Controlling.

The books and records of the Company will be controlling in the event a question arises hereunder concerning the amount of the Account Balance(s), Eligible Compensation, the designation of a beneficiary, or any other matters.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

8.1 Litigation.

The Company shall have the right to contest, at its expense, any ruling or decision, administrative or judicial, on an issue that is related to the Plan and that the Administrator believes to be important to Participants, and to conduct any such contest or any litigation arising therefrom to a final decision.

8.2 Headings Are Not Controlling.

The headings contained in the Plan are for convenience only and will not control or affect the meaning or construction of any of the terms or provisions of the Plan.

8.3 Governing Law.

To the extent not preempted by applicable U.S. Federal law, the Plan will be construed in accordance with and governed by the laws of the State of New York as to all matters, including, but not limited to, matters of validity, construction, and performance.

8.4 Amendment and Termination.

ML & Co. reserves the right to amend or terminate the Plan at any time through the Administrator, except that no such amendment or termination shall adversely affect the right of the Participant to his or her Account Balance(s) as of the date of such amendment or termination. In addition, this Plan may be terminated by the Company and all deferrals hereunder will be rescinded in the event that the Administrator determines in good faith, after consultation with the Controller of ML & Co. (or such person's functional successor) and the Company's independent public accountants, that generally accepted accounting principles are likely to require the Company to recognize the net exercise value of such Stock Options as a charge to Earnings on ML & Co.'s consolidated financial statements. In the event such termination, the Account Balances will be paid to the Participant as soon as practicable.

Exhibit A

MERRILL LYNCH & CO., INC.
Agreement for the Deferral of Stock Option Gains

Agreement, made as of ______________, between Merrill Lynch & Co., Inc. (ML & Co.) and _________________

I. Stock Option Deferral Conversions

The Participant hereby irrevocably elects (a "Deferral Election") to defer, pursuant to this Agreement the outstanding nonqualified stock options ("Stock Options") specified in Section II, and upon Deemed Exercise of such Stock Options, receive an unfunded and unsecured right to receive shares of Common Stock otherwise issuable upon the exercise of the Stock Options ("Shares") as deferred compensation.

For the specified Stock Options, the term "Deemed Exercise" will be used to describe the process where instructions are received from the Participant to convert these Stock Options on a specific day into a right to receive Shares from ML & Co. on a deferred basis.

II. Election of Covered Options

Each Deferral Election must be made at least 90 days prior to the Deemed Exercise of the Covered Options to which it the Deferral Election relates and must specify the particular Stock Options (including the date of grant) to which such Deferral Election relates and the number of Shares issuable upon exercise of such Stock Options.

To be effective each Deferral Election must be made must be made (A) in or prior to the taxable year immediately prior to the expiration of such Covered Option and (B) at least six (6) months prior to the date of such expiration.

To make a Deferral Election, the Participant shall select by grant year the number of Stock Options (minimum 1,000 options for each grant) from which the gain will be deferred. Such options must be then currently outstanding and will be deferred in accordance with this Agreement and the Merrill Lynch & Co., Inc. Program for the Deferral of Stock Option Gains. The irrevocable election made in Section I above shall cover the Stock Option grants selected by the Participants and the selected Option grants shall be referred to collectively as the "Covered Options". This election is irrevocable unless your employment terminates prior to the Deemed Exercise.

I elect to defer the gain from the Deemed Exercise of my stock option grants as follows:

Option Grant Date	# of Options (Minimum 1,000)
------------------------	---------------------------
------------------------	---------------------------
------------------------	---------------------------

III. Form of Distribution

Check one of the following boxes and, if applicable, enter the number of installment payments.

|_| Lump Sum

|_| Annual Installments for |_| |_| years (maximum of 15)

|_| Modified Installment payments for |_| |_| years (minimum of 11; maximum of 15)

IV. Timing of Distribution

Check one of the following boxes and, if applicable, enter the specific month and year in which you want to receive your distribution.

Note: If you selected Modified Installment Payments in Section III, do not fill out this section. Your annual

distributions will commence on the last business day of the sixth month following your retirement or death. You do not have the option of specifying some other time for commencement of payment.

I elect that my benefits under the plan be distributed as soon as practicable in (or beginning):

|_| The sixth month following my retirement.

|_| The month of ________________ in the calendar year following my retirement, but no earlier than six months after my retirement.

|_| The month and year of ____________________ , _______________, which will not be earlier than six months after my retirement.

By executing this Agreement, the Employee acknowledges that he or she will not exercise Covered Options in any manner other than as specified herein and that the Employee had read the Merrill Lynch & Co., Inc. Program for the Deferral of Stock Option Gains ("Plan") and agrees that the terms and conditions of such Plan are incorporated herein by reference and made part of this Agreement.

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Employee Name	Employee Signature	Date

EXHIBIT 11

MERRILL LYNCH & CO., INC. AND SUBSIDIARIES
COMPUTATION OF EARNINGS PER COMMON SHARE
(In Millions, Except Per Share Amounts)

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	Three Months Ended		Nine Months Ended	
	Sept. 26, 1997	Sept. 27, 1996	Sept. 26, 1997	Sept. 27, 1996
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EARNINGS				
Net earnings	$ 493	$ 331	$ 1,440	$ 1,174
Preferred stock dividends	(9)	(12)	(30)	(35)
Net earnings applicable to common stockholders .	$ 484	$ 319	$ 1,410	$ 1,139
PRIMARY WEIGHTED AVERAGE SHARES				
Common stock	330.9	335.5	330.7	340.8
Assuming issuance of shares relating to employee incentive plans	56.7	42.9	54.7	44.5
Total shares	387.6	378.4	385.4	385.3
PRIMARY EARNINGS PER SHARE	$ 1.25	$ .84	$ 3.66	$ 2.96
FULLY DILUTED WEIGHTED AVERAGE SHARES				
Common stock	330.9	335.5	330.7	340.8
Assuming issuance of shares relating to employee incentive plans	58.8	45.8	58.8	45.7
Total shares	389.7	381.3	389.5	386.5
FULLY DILUTED EARNINGS PER SHARE	$ 1.24	$ .84	$ 3.62	$ 2.95

</TABLE>

Note: Share and per share amounts have been restated for the two-for-one common stock split, effected in the form of a 100% stock dividend, paid on May 30, 1997.

EXHIBIT 12

MERRILL LYNCH & CO., INC. AND SUBSIDIARIES
COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES AND
COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS
(Dollars in Millions)

	Three Months Ended		Nine Months Ended	
	Sept. 26, 1997	Sept. 27, 1996	Sept. 26, 1997	Sept. 27, 1996
Pretax earnings from continuing operations	$ 771	$ 522	$ 2,322	$ 1,891
Add: Fixed charges (excluding capitalized interest)	4,209	3,144	11,980	8,786
Pretax earnings before fixed charges	$4,980	$3,666	$14,302	$10,677
Fixed charges:				
Interest	$4,147	$3,104	$11,793	$ 8,669
Other(A)	63	40	188	117
Total fixed charges	4,210	3,144	11,981	8,786
Preferred stock dividend requirements	14	18	47	56
Total combined fixed charges and preferred stock dividends	$4,224	$3,162	$12,028	$ 8,842
Ratio of earnings to fixed charges	1.18	1.17	1.19	1.22
Ratio of earnings to combined fixed charges and preferred stock dividends	1.18	1.16	1.19	1.21

(A) Other fixed charges consist of the interest factor in rentals, amortization of debt expense, preferred stock dividend requirements of majority-owned subsidiaries, and capitalized interest.

EXHIBIT 15

November 7. 1997

Merrill Lynch & Co., Inc.
World Financial Center
North Tower
New York, NY 10281

We have made a review, in accordance with standards established by the American Institute of Certified Public Accountants, of the unaudited interim consolidated financial information of Merrill Lynch & Co., Inc. and subsidiaries as of September 26, 1997 and for the three- and nine-month periods ended September 26, 1997 and September 27, 1996 as indicated in our report dated November 7, 1997; because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which is included in your Quarterly Report on Form 10-Q for the quarter ended September 26, 1997, is incorporated by reference in the following documents, as amended:

Filed on Form S-8:

Registration Statement No. 33-41942 (1986 Employee Stock Purchase Plan)

Registration Statement No. 33-17908 (Incentive Equity Purchase Plan)

Registration Statement No. 33-33336 (Long Term Incentive Compensation Plan)

Registration Statement No. 33-51831 (Long Term Incentive Compensation Plan)

Registration Statement No. 33-51829 (401(k) Savings and Investment Plan)

Registration Statement No. 33-54154 (Non-Employee Directors' Equity Plan)

Registration Statement No. 33-54572 (401(k) Savings and Investment Plan (Puerto Rico))

Registration Statement No. 33-56427 (Amended and Restated 1994 Deferred Compensation Plan for a Select Group of Eligible Employees)

Registration Statement No. 33-55155 (1995 Deferred Compensation Plan for a Select Group of Eligible Employees)

Registration Statement No. 33-60989 (1996 Deferred Compensation Plan for a Select Group of Eligible Employees)

Registration Statement No. 333-09779 (1997 Deferred Compensation Plan for a Select Group of Eligible Employees)

Registration Statement No. 333-32209 (1998 Deferred Compensation Plan for a Select Group of Eligible Employees)

Registration Statement No. 333-00863 (401(k) Savings & Incentive Plan)

Registration Statement No. 333-13367 (Restricted Stock Plan for Former Employees of Hotchkis and Wiley)

Registration Statement No. 333-15009 (1997 KECALP Deferred Compensation Plan for a Select Group of Eligible Employees)

Registration Statement No. 333-17099 (Deferred Unit and Stock Unit Plan for Non-Employee Directors)

Registration Statement No. 333-18915 (Long Term Incentive Compensation Plan for Managers & Producers)

Registration Statement No. 333-33125 (Employee Stock Purchase Plan for Employees of Merrill Lynch Partnerships)

Filed on Form S-3:

Debt Securities:

Registration Statement No. 33-54218

Registration Statement No. 2-78338

Registration Statement No. 2-89519

Registration Statement No. 2-83477

Registration Statement No. 33-03602

Registration Statement No. 33-17965

Registration Statement No. 33-27512

Registration Statement No. 33-35456

Registration Statement No. 33-42041

Registration Statement No. 33-45327

Registration Statement No. 33-49947

Registration Statement No. 33-51489

Registration Statement No. 33-52647

Registration Statement No. 33-60413

Registration Statement No. 33-61559

Registration Statement No. 33-65135

Registration Statement No. 333-13649

Registration Statement No. 333-25255

Registration Statement No. 333-28537

Medium Term Notes:

Registration Statement No. 2-96315

Registration Statement No. 33-03079

Registration Statement No. 33-05125

Registration Statement No. 33-09910

Registration Statement No. 33-16165

Registration Statement No. 33-19820

Registration Statement No. 33-23605

Registration Statement No. 33-27549

Registration Statement No. 33-38879

Other Securities:

Registration Statement No. 33-33335 (Common Stock)

Registration Statement No. 33-45777 (Common Stock)

Registration Statement No. 33-55363 (Preferred Stock)

Registration Statement No. 333-02275 (Long Term Incentive Compensation Plan)

Registration Statement No. 333-16603 (TOPrS)

Registration Statement No. 333-20137 (TOPrS)

Registration Statement No. 333-24889 (LTIC and LTICPMP)

Registration Statement No. 333-36651 (Hotchkis and Wiley Resale)

We are also aware that the aforementioned report, pursuant to Rule 436(c) under the Securities Act of 1933, is not considered a part of the Registration Statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

/s/ Deloitte & Touche LLP
New York, New York

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<F1> Includes $627 in Preferred Securities issued by Subsidiaries.
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